

MAY 25, 1987

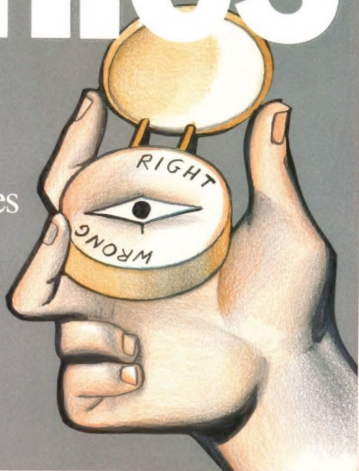
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TIME

The Birds
Are Back

What Ever Happened to ETHICS

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sleaze, scandals
and hypocrisy,
America searches
for its moral
bearings





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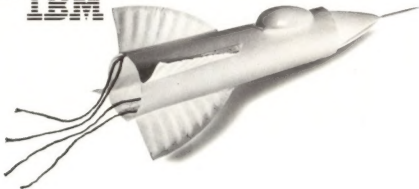
Great minds don't think alike.

What can you make with a paper plate, a cup, a plastic spoon, a piece of yarn, a napkin and 4 toothpicks? That's the sort of problem students will face May 29 and 30 in Mt. Pleasant, Michigan, in the finals of a creative problem-solving competition called Odyssey of the Mind.

Odyssey of the Mind encourages young people to expand their imaginations. They are challenged to come up with creative solutions to problems in areas such as art, science, history and literature. Finalists include over 500 teams of students from all age groups. They are among 250,000 young people who participated in the program during the school year. Although awards are given, the real satisfaction is being part of a creative venture.

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COVER: A scandal-scarred spring tests 14 Americans' sense of national character

Disclosures of hypocrisy and moral laxity infect leadership from Washington to Wall Street, tainting even television evangelists and the *Semper Fi* U.S. Marines. Do the transgressions represent a general shunning of values that Americans have always held dear, or are they merely a temporary blot brought about by the mindless materialism of the '80s? See ETHICS.



WORLD: South Korean students erupt in 46 a volcano of antigovernment protests

Angry mobs disrupt campuses in violent demonstrations against President Chun Doo Hwan's decision to postpone electoral reform. ▶ Projections indicate that Aquino's slate won an overwhelming victory in the Philippine elections. ▶ A peace initiative threatens to topple Israel's unity coalition. ▶ The trial opens for the accused "Butcher of Lyons." ▶ A coup shatters paradise in Fiji.



LIVING: No more snickering, please. 72 Bird watching, er... birding is In!

Once the leafy pastime of a derided fringe group, birding has developed into a go-go sport with wide appeal to active and sedentary aficionados alike. From feeding chickadees in the backyard to hunting Siberian rubythroats in the Aleutian Islands, birding offers aesthetic delight, the joys of puzzle solving and the chance to sublimate avarice through the compilation of a life list.



30 Nation

McFarlane depicts Reagan as a hands-on leader when it came to the *contras*.
▶ Scientists design a better bomb.

54 Economy & Business

The economy has a rough road ahead. ▶ A family feud rocks Bacardi's rum empire.
▶ Fake fat promises plump profits.

60 Medicine

In a rare "domino transplant," a Baltimore man with cystic fibrosis receives a new heart and lungs, then donates his own heart.

61 Science

No, that noise is not a power saw in full throttle. The 17-year cicadas are here again, creating a racket and messing up backyards.

9 Letters 69 People 71 Theater 76 Milestones

62 Law

Just whose trial is it? In some highly publicized cases, defense attorneys have—legally—attacked victims and prosecutors in court.

63 Computers

An international narcotics manhunt turns up 210 fugitives, thanks to an innovative crime-stopping system called Scorecard.

64 Video

Bickering in the balcony once a week on TV, Gene Siskel and Roger Ebert have turned movie criticism into a hit attraction.

65 Books

Poet Yevgeny Yevtushenko weighs in with a theatrical new collection. ▶ John Hersey lures the reader with a book on bluefishing.

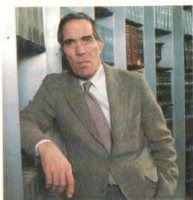
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Illustration by
David Suter

A Letter from the Publisher

Since it was introduced last January, TIME's Ethics section has examined the dilemmas of conscience posed by such modern practices as surrogate motherhood, tests and treatments for AIDS, removal of feeding tubes from terminally ill patients and advances in genetic engineering. This week our ethical inquiry is set on a much wider stage. It is an exploration of the rules and practices of American politics, business and society at large.

Helping frame the issues and answer the questions are the authors of this week's cover stories: Senior Writer Walter Shapiro, Associate Editors Stephen Koepf and Richard Stengel and National Political Correspondent Laurence I. Barrett. The final segment of the section was written by Senior Writer Ezra Bowen, who acknowledges an intense, longtime interest in ethics. Bowen is a 1949 graduate of Amherst College, where he studied history and philosophy (and starred at first base on the baseball team). His belief in ethical obligations underlay a major part of a commencement address he delivered earlier this month at Texas Lutheran College in Seguin, and he will return to the topic on May 24 at Hartwick College in Oneonta, N.Y., when he receives an honorary doctor of letters.

"What has been lost today by families, many lawyers, young people, evangelists, Wall Street speculators, Presidents, and in-



Bowen: an intense interest in ethics

dustrialists and bureaucrats who allowed the *Challenger* to blast off is the sense that they are accountable to others, as well as themselves, for their actions," Bowen says. "We live in a time characterized by intense self-centeredness."

As Bowen demonstrated in his first Ethics story (on AIDS, Feb. 2) and in his discussion of the legal views of Attorney General Edwin Meese III (ESSAY, Aug. 11, 1986), he does not shrink from judgment. "I'm no holier-than-thou type," says Bowen, "but it has been my experience that the best guys I've known in life have had profound ethical concerns." At the top of his list of ethically minded people is his late mother, the prominent biographer Catherine Drinker Bowen, whose books chronicled the lives of Supreme Court Justice Oliver Wendell Holmes Jr.,

President John Adams and 17th century English Legal Scholar and Judge Sir Edward Coke. Her well-known work *Miracle at Philadelphia* vividly described the making of the U.S. Constitution. "She cared very much about right and wrong, but not once did she talk to me directly about it," says Bowen. "She was a silent force who set an example in her own living I cannot forget."

Robert L. Miller

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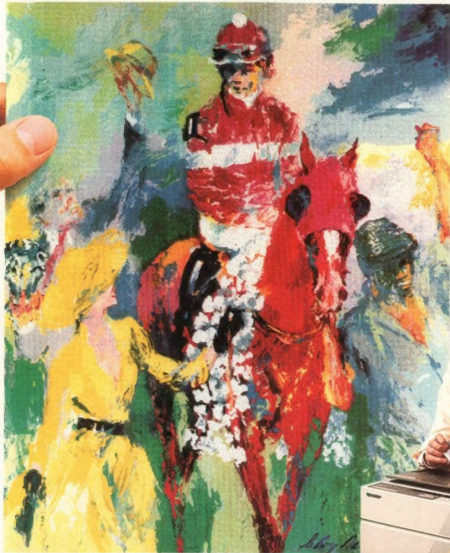
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It is a curious fact that not everyone who seeks the very best in a large sedan is fully aware of just how much sedan this entitles today's buyer to demand.

Some still opt for the overbearing "luxury" sedan in all its bulk and ostentation, unaware that big today can also mean fast, agile and responsive. Some—what better off are those who have moved up to vivid big-sedan performance—but then go no further.

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Letters

Winds of Change

To the Editors:

Despite an obvious need for accommodation in South Africa, the answer to its problems is not an overnight turnaround [WORLD, May 4]. Political parties can rewrite the old laws and even reconsider their right to African land, but no good will come from any of these reforms if Afrikaner children are still brought up with a conviction that the black man is inferior. Tomorrow's ideals depend on the young, who must be educated to be unbiased. Otherwise, the concessions of today's Afrikaners will have been in vain.

Anuradha Rao
Sacramento



The Afrikaner farmer you quote suggests that whites and blacks should recognize their individual failings (the whites are avaricious, the blacks overbent) and reconcile their differences. He claims, "There is no reason we can't somehow get together. We do the planning, they do the work." To me, that program sounds like a very good description of what might be considered slavery.

Adrienne B. Ziehlke
Glenford, Ohio

Your article reports the increasing division among white South Africans in their attitudes toward apartheid but fails to suggest that black Africans too are far from monolithic. Cleavages exist between the urban and rural blacks, between those in South Africa proper and those in the tribal homelands. It would be impossible to derive majority rule out of South Africa's racial, religious and political mélange. The only satisfactory solution would be a confederation system, with several tiers of government. Continuation of the present system or the replacement proposed by the African National Congress would breed chaos and disunity and, eventually, lead to interracial and intertribal warfare.

Bernard P. Toner
Scottsdale, Ariz.

Race and the Death Penalty

It is disheartening to read that the Supreme Court decided discrimination was not proved in capital-punishment cases, even though a study showed that blacks who killed whites were the most likely to receive the death penalty [LAW, May 4]. Perhaps some future, more enlightened Supreme Court will finally take state governments out of the business of killing their citizens. Until then, the U.S. will continue to be among the few Western industrialized nations retaining the ultimate obscenity, the death penalty. The decision leaves us aligned with such paragons of civilized behavior as the Soviet Union, Iran and Libya.

John L. Tidball
Lincoln, Neb.

Patenting Animals

I question the decision by the U.S. Patent and Trademark Office to allow the animals created through biotechnology to be patented [ETHICS, May 4]. We have destroyed the environment and are now creating new organisms that can exist in the conditions we have made. How long can this disregard for nature continue before our actions backfire? Have we the wisdom to understand the consequences?

Dinah Marder
Albuquerque

All living things have the same source. It is arrogant of man to impose his cruelty on creatures who have never harmed him and are powerless to defend themselves against him. Ethics demands of humankind reverence for all life.

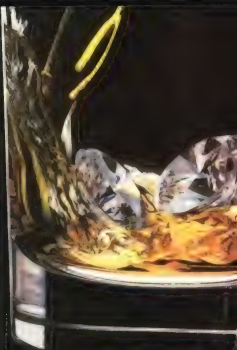
Kay Acker
Orlando

Trusting Soviet Evidence

In your story on the deportation of Karl Linas [ETHICS, April 20], you ask, "Should the U.S. use Soviet evidence against accused war criminals?" The answer is contained in a B'nai B'rith report that says, "Just as the leading lawyers at the Nuremberg trials [discovered] ... no American court found that the Soviet Union provided false evidence. Neither was it found that any Soviet witness lied in his or her testimony."

The Soviet Union demands the punishment of war criminals, for whom it recognizes no statute of limitations, and is always ready to present all the necessary information to specialists concerned with these matters. In the past few years, 400 lawyers, including 100 from the U.S., have visited the Soviet Union in search of evidence. They had full access to our archival documents and to the hundreds of surviving witnesses, who readily told them about the crimes of the Nazis.

Alexei Perevoshehikov
Novosti Press Agency
Moscow



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Letters

Restoring Michelangelo

Robert Hughes provides the most informative account to date of the Sistine Chapel-cleaning controversy [ART, April 27]. Regrettably, the before and after photographs accompanying the article are misleading. If the conserved fresco really looked like TIME's illustration, the critics would be right. However, the cleaned fresco is not flat and washed out but fully modeled and richly colored.

Illustrations of the conserved frescoes published to date show only details taken from the scaffolding under artificial light. But the cleaning is ultimately to be judged from the floor of the Sistine Chapel, as originally viewed by Michelangelo's contemporaries, with the full stretch of the ceiling bathed in natural light from the upper windows. So viewed, the frescoes are clear, strong and wonderfully harmonious—fully in keeping with the central Italian fresco tradition.

*Charles S. Rhine, Professor
Art History, Reed College
Portland, Ore.*

The photographs you used of the frescoes before cleaning look disgustingly cruddy, while those taken afterward are washed down, inpainted and appallingly Disneyish. It is true that Michelangelo's lunettes had suffered from water seepage and required some restoration, but the vast barrel vault itself was relatively pristine; it did not need cleaning. The frescoes now present a fresh Michelangelo whose tie has been straightened to the strangulation point and whose ears are scoured until the ears themselves disappear. The "conservation" that has been done on the Sistine Chapel may be good for tourism, but it is death for the frescoes.

*Alexander Eliot
Venice, Calif.*

Every artwork created in the past possesses a dual aspect: its contemporaneity when created and its saturation with time as it survives through the ages. These two elements cannot be separated. Consider a medieval edifice like the Amiens Cathedral. If it were sandblasted to its original surface, the building would be out of keeping with the surrounding medieval structures and would emerge as a distasteful visual anachronism. A close examination of your color illustrations reveals that the Sistine Chapel's uncleared surfaces have a warmth of spirit that is absent in the cleaned areas. The vitality of the "old" Michelangelo is absent in the bland, dispirited imagery that has emerged.

*Saul Levine
Westbury, N.Y.*

Campus Prejudice

To illustrate your story on the rise of racism on U.S. campuses [EDUCATION, April 6], you used a poster from Northern Illinois University showing a swastika, to

which someone had added the Greek letters of Sigma Chi. The fraternity was in no way responsible for the poster or the Greek letters on it. Members cooperated with the university administration and the black students' organization in dealing with the related tense situation and even offered a reward for the identification of the creators of the poster.

*Fred Yoder, Editor
Magazine of Sigma Chi
Evanston, Ill.*

That's Show Business

In your article on Michael Feinstein who has won over audiences by singing old show tunes [SHOW BUSINESS, May 4], you describe me in a way that does not make me happy. Son of a gun. Here I am, preparing a return to show business after 20 years of voluntary retirement, only to find myself identified by your writer as a singer appreciated by "someone with strong minority opinions." To be truthful, I never considered myself a cult figure. But I did think that after selling millions of recordings, making hundreds of nightclub and concert appearances and performing on scores of television shows, I had more public appeal than your reviewer indicates. Perhaps if he would listen to a few of my albums, a providential "wayward wind" will blow him into drawing fewer minority conclusions.

*Gogi Grant
Los Angeles*

Beatifying a Jewish Nun

Much of the discussion about the beatification of Edith Stein, who became Sister Teresa Benedicta of the Cross, mistakenly focuses on her death at Auschwitz [RELIGION, May 4]. The reason for her beatification has to do mostly with the quality of her life, her deep belief, profound intellect and inspired spirituality. Far from dishonoring her Jewish roots, the Roman Catholic Church now honors her faith and the triumph of her spirit through her tragic death at the hands of the Nazis.

*(The Rev.) David Norris
Smithfield, R.I.*

It is immaterial whether you agree with Edith Stein's conversion to Christianity. There is no doubt that she was sent to her death because she was Jewish. This fact alone justifies the Pope's monument to her and to all those killed by the Nazis. As the son of a converted Jew who was persecuted by the Nazis, I am grateful to the Pope for his sensitivity.

*Klaus Peter Meyer
Munich*

LETTERS TO THE EDITOR should be addressed to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020, and should include the writer's full name, address and home telephone. Letters may be edited for purposes of clarity or space.

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What's Wrong

Hypocrisy, betrayal and greed unsettle the nation's soul



"Just about every place you look, things are looking up. Life is better—America's back—and people have a sense of pride they never thought they'd feel again."

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Once again it is morning in America. But this morning Wall Street financiers are nervously scanning the papers to see if their names have been linked to the insider-trading scandals. Presidential candidates are peeking through drawn curtains to make sure that reporters are not staking out their private lives. A congressional witness, deeply involved in the Reagan Administration's secret foreign policy, is huddling with his lawyers before facing

inquisitors. A Washington lobbyist who once breakfasted regularly in the White House mess is brooding over his investigation by an independent counsel. In Quantico, Va., the Marines are preparing to court-martial one of their own. In Palm Springs, Calif., a husband-and-wife televangelist team, once the adored cynosures of 500,000 faithful, are beginning another day of seclusion.

Such are the scenes of morning in the scandal-scarred spring of 1987. Lamentation is in the air, and clay feet litter the ground. A relentless procession of forlorn faces assaults the nation's moral equanimity, characters linked in the public mind not by any connection between their diverse dubious deeds but by the fact that each in his or her own way has somehow seemed to betray the public

trust: Oliver North, Robert McFarlane, Michael Deaver, Ivan Boesky, Gary Hart, Clayton Lonetree, Jim and Tammy Bakker, maybe Edwin Meese, perhaps even the President. Their transgressions—some grievous and some petty—run the gamut of human failings, from weakness of will to moral laxity to hypocrisy to uncontrolled avarice. But taken collectively, the heedless lack of restraint in their behavior reveals something disturbing about the national character. America, which took such back-thumping pride in its spiritual renewal, finds itself wallowing in a moral morass. Ethics, often dismissed as a prissy Sunday School word, is now at the center of a new national debate. Put bluntly, has the mindless materialism of the '80s left in its wake a values vacuum?



■ Wall Street High Roller Ivan Boesky pleaded guilty to trading on inside information



■ Televangelist Jim Bakker, with Wife Tammy, was defrocked over a tryst with a church secretary

America has been through these orgies of moral self-flagellation before. Sometimes the diagnosis was far more dire than the disease. Intellectuals reacted to the TV quiz-show scandals of the late 1950s with an outrage that now seems comically disproportionate to the offense; a prominent political science professor wrote at the time, "The moral fiber of America itself stands revealed." Just as the Iran-contra hearings began as a road-show Watergate, it is easy to find other 20th century parallels to today's eviscerated ethics. As New York Senator Daniel Patrick Moynihan puts it, "If you want to read about Tammy Bakker, read Sinclair Lewis. If you want to read about insider trading, read Ida Tarbell."

It is tempting to argue, as Moynihan does, that the current scandals are mostly linked by coincidence. Ethical introspection, after all, is at odds with the pragmatism of the national culture. It is not accidental that the country's favored metaphor is sports: a factual world of detailed rules and final scores, where armchair disputes can be resolved by instant replays. Questions of what constitutes right and wrong are far more troubling, but there comes a time in the life of a nation when they must be addressed, not avoided.

To some extent, the problem starts at the top. Either through his actions or inactions, and certainly through the tone he has set, Ronald Reagan has contributed to the current mood of laissez-faire laxness. Of course the President, who finds such difficulty in taking responsibility for the conduct of his own National Security Council, cannot be blamed for the indiscretions of a Democratic presidential candidate and

the peccadilloes of a popular preacher. But moral leadership "should come from people in public office," argues Sissela Bok, a professor of philosophy at Brandeis University. "Aristotle said that people in government exercise a teaching function. Among other things, we see what they do and think that is how we should act. Unfortunately, when they do things that are underhanded or dishonest, that teaches too."

The President's personal decency is not in question. But nowadays, as he stumbles through answers about what he does not think he remembers and skirts the moral issues involved, he seems to have forfeited, indeed squandered, his role as the nation's moral father. Then too, he has helped set the tenor of the times: the man behind the bully pulpit must also be judged by the content of his sermons.

No better symbol exists of the public philosophy of the Reagan era than the Adam Smith neckties worn proudly by presidential confidants. As President, Reagan has fused this faith in the economic invisible hand with the rugged individualism of the "Sagebrush Rebellion." Government is always seen as a rapacious tax collector standing between businessmen and the creation of wealth. The result is an Administration whose clarion call is "Enrich thyself." For Reagan, money is the measure of achievement, and he has left no doubt that he prefers the company of the wealthy. McFarlane, shortly after his suicide attempt in February, told the New York Times of the frustrations he felt as National Security Adviser: "Shultz and Cap Weinberger and Don Regan and the Vice President had built up businesses and made

great successes of themselves. I haven't done that. I had a career in the bureaucracy. I didn't really quite qualify. It didn't do any good to know a lot about arms control if nobody listened."

Among other undesirable effects, this view that wealth is the measure of all men tends to exalt the individual at the expense of the community. "No longer do we have an endowment mentality that asks what we can contribute to an organization," says Sociologist David Riesman of Harvard University. "What we now have is a transaction mentality." Few Americans succumbed to the magic of the marketplace as cynically as the Bakkers. Last week the new officials of their ministry took reporters on a tour of the Fort Mill, S.C., hotel suite they used, which features gold-plated fixtures in the bathrooms and a 50-ft.-long closet lighted by chandeliers. Soon after that, reports surfaced that the ministry could not account for \$92 million.

Against the societal backdrop of value-free self-indulgence, it is not surprising that some in the Administration have been motivated by a desire to advance themselves rather than the public interest. More than 100 Reagan appointees have come under some cloud of impropriety. Last week an independent counsel began to investigate Attorney General Meese's role in soliciting defense contracts for the scandal-plagued Wedtech Corp.; Meese has associates who have worked for the Bronx, N.Y., firm.

Reagan, for all his talk of a return to "family values," has been as permissive as an Aquarian parent over the transgressions of his official family, and that has contributed to the moral lassitude. Long



■ Former National Security Adviser Robert McFarlane testified about the secret contra funding scheme

Ethics

after Deaver began peddling his government connections with an avidity that was shocking even by jaded Washington standards, he retained his White House pass and was a frequent guest of the First Family. Even last week, when asked about former Labor Secretary Raymond Donovan, who awaits a verdict in his New York fraud trial, the President loyally declared to newsmagazine reporters, "Frankly, I found him to be a man of great integrity."

But the "sleaze factor" in the Reagan Administration is merely symptomatic of the materialistic excess that has turned the 1980s into the "My decade," a time when by one's possessions thou shalt be known and judged. Deaver reflected this sense of excess when, as part of the ruling troika in the White House in 1981, he loudly complained that he could not live on \$60,000 a year. Avarice perhaps had its roots in the run-up in middle-class housing prices in the 1970s, which broke down the traditional connection between wealth and work. The taming of inflation unleashed the stock market, which made investors behave like extras from *The Treasure of the Sierra Madre*. This frenzy of getting and spending made anyone living outside the money culture, like government officials, feel like suckers.

In *The Gilded Age*, Mark Twain and Charles Dudley Warner depict the boom mentality of the post-Civil War years: "He was born into a time when all young men of his age caught the fever of speculation, and expected to get on in the world by the omission of some of the regular processes which have been appointed from of old."

What railroad men and land speculators were to the 1870s, investment bankers and risk arbitrageurs are to the 1980s. Perhaps a modern-day Thorstein Veblen could explain the eagerness with which money men like Boesky vied with one another in acquiring the luxurious trappings of a baronial life-style. But the insider-trading scandal, a grotesque perversion of the Reagan free-market ethos, was perhaps the inevitable consequence of the gospel of wealth run amuck.

McFarlane's testimony last week conveyed a far different moral lesson: how easily America as a nation has come to accept public hypocrisy. With his unfiltered answers and his stolid manner, his face puffing from strain and fatigue, McFarlane radiated the melancholy of moral responsibility. All his enemies were within, as a good soldier tried to square his own misguided conduct with internal standards of honor and integrity. In the depths of his soul, McFarlane had been tested and found wanting, and it was that shame he could not help conveying.

There was something sadly anachronistic about McFarlane's performance. Unlike his current immortality tales, he exuded a sense of remorse, repentance, shame. He knew he had done wrong, he said. He was sorry. He deserved to be punished. How odd! This kind of guilt, this assuming of moral responsibility for one's actions, has all but vanished from public discourse. It is almost as if the closest glimpse the nation

got of honor last week came from seeing it in a mirror: a man had acted with dishonesty; saw it for what it was, and came forth to bear witness that there is indeed still a difference between right and wrong.

If some of the others tainted by dishonor, deceit and hypocrisy were to show a similar ability to understand their moral accountability for their actions, perhaps an air of redemption would ensue. But the new American gospel is damage control, using the arts of public relations to deflect blame. "Mistakes were made," was President Reagan's explanation for the Iran-contras affair. His absolute refusal to admit even the slightest responsibility for the ethical chaos around him is telling.

Senator Hart, too, sought to deflect responsibility, first claiming that his only mistake was not realizing that his meetings with Donna Rice could be "misconstrued," then blaming the media for the mess he was in. Even Jim Bakker, who by profession alone should have an intimate acquaintance with the theological concept of sin, resisted simply confessing his dalliance with Jessica Hahn. Instead, Bakker insisted that his troubles were all part of a "diabolical plot" by rival preachers.

Infinitely more damaging to public trust were the President's deceptive and contradictory statements on selling arms to Iran and negotiating for hostages. Jerome Wiesner, former president of the Massachusetts Institute of Technology, reflects deep concern when he says, "I am very upset by the ethical behavior that will make people believe that lying by our Government is natural." Confessing errors has



■ Gary Hart, with his wife Lee, ended his race for the White House amid questions about adultery



■ The President received frequent briefings by McFarlane about back-room support for the contras

never, of course, been part of the Reagan magic. For six years, as America's debt soared past \$2 trillion, the President refused to admit that George Bush was right when he said during the 1980 primaries that trying to balance the budget by cutting taxes was "voodoo economics."

Some of this is standard political gamesmanship, and the debt problem stems from actions—and inactions—by Congress as well as the White House. But the Iran-*contra* affair exposes a far more disturbing undertone to the Reagan Administration: the belief that some laws are little more than inconvenient pieces of paper. It is now clear that the Reagan team consciously set out to violate the spirit, if not the letter, of the Boland amendment, which banned U.S. military aid to the *contras*. This same wink-and-nod approach to legality has often been apparent in the Administration's languid enforcement of civil rights statutes. The free-wheeling business climate also owes a large debt to the President's none-too-secret hostility to many forms of economic regulation.

Other recent scandals have their roots in a similar do-your-own-thing attitude toward rules. Marine guards at the Moscow embassy bristled at strictures forbidding fraternization with foreign nationals, particularly Soviet citizens. For years many on Wall Street have held a cavalier attitude toward insider-trading laws. No one is really hurt by such abuses, they claimed. And besides, they complained, arbitrageurs, who buy and sell stocks on rumors of takeovers, often troll the gray areas of law. That is why it was perhaps only natural that Boesky's profitable relationship with Martin Siegel, the former

co-head of mergers and acquisitions at Drexel Burnham Lambert Inc., began with the sharing of mutually advantageous information. But before federal investigators stepped in, Siegel was peddling takeover tips to Boesky in exchange for briefcases filled with cash.

The murkiness of insider-trading regulations is an example of why some leading moralists worry about an excessively legalistic approach to defining ethical behavior. "Take corruption on Wall Street," says Donald Shriver, president of Union Theological Seminary in New York City. "There are points where we think dishonesty is wrong even if it is legal."

Certainly the spate of post-Watergate reform legislation has been undermined by unintended consequences. Campaign-spending laws spawned a proliferation of political-action committees. Strictures against lobbying by former Government officials have failed to halt revolving-door Reaganism. The very act of drawing statutory limits almost seems to guarantee that most behavior will cluster just this side of legality. As Education Secretary William Bennett puts it, "What I worry about is a legislator who says we have an ethics crisis, let's do something about it."

Any moral crusade will run smack into the messages conveyed by America's celebrity-obsessed national culture. A few moments in the limelight can mean big bucks: a book contract, a speaking tour, a TV docudrama. All Fawn Hall had to do was reveal that she helped North destroy documents, and suddenly Actress Farrah Fawcett was on the phone with plans to

make Hall the heroine of a feature film. Sydney Biddle Barrows discovered there was even more money to be made from talking coyly around the subject of sex than in running an upmarket escort service. She sold her book for \$250,000, and Candice Bergen will portray her in the film version of *Mayflower Madam*. Ethical distinctions are quickly lost as talk-show appearances and gala opening-night parties become schools for scandal.

Reagan, in discussing the investigations of his Administration during his interview with newsmagazine reporters last week, said, "I'd like to point out that things of this kind have been going on for a long time." The blame, he argued, was not his. "I am for morality. In fact, I wish there was more of it taught in our schools." He did concede, however, that the long list of transgressions by the Marines, Boesky, the Bakkers and others has bred a "kind of cynicism on the part of the people."

Such cynicism may be unjustified as the nation struggles to regain its integrity amid all the troubling revelations about covert wars and secret trusts. Perhaps if the provocations are strong enough, Americans will shed their too-easy tolerance of hypocrisy and greed. But the longing for moral regeneration must constantly vie with an equally strong aspect of America's national character, self-indulgence. It is an inner tension that may animate political life for years to come. For in the end, as Jimmy Carter once promised, America will, for better or for worse, get a "Government as good as its people."

—By Walter Shapiro. Reported by Barrett Seaman and Laurence L. Barrett/Washington, with other bureaus



Oliver North was fired from the National Security Council staff for his pivotal role in *transcam*



Marine Sergeant Clayton Lonetree faces spying charges over embassy security breaches in Moscow

Morality Among the Supply- Siders

More than 100 Reagan Administration officials have faced allegations of questionable activities. While some are still in office, others have resigned under a cloud. Many of the allegations were relatively minor, but the accumulation of cases produces a portrait of impropriety on a grand scale



Richard Allen
National Security Adviser
Resigned amid controversy over a \$1,000 "honorarium" after arranging an interview with Nancy Reagan



James Beggs
Chief administrator of NASA
Indicted for defrauding Government while an executive at General Dynamics



Anne Burford
EPA administrator
Resigned after disclosures that she bent environmental regulations for certain industrial polluters



Guy Fiske
Deputy Secretary of Commerce
Resigned after allegations of conflict of interest in contract negotiations



Louis Ghrifida
Director, Federal Emergency Management Agency
Resigned amid allegations of misuse of Government property



Edwin Gray
Chairman, Federal Home Loan Bank Board
Repaid some \$26,000 in travel costs for himself and his wife



Max Hugel
CIA chief of covert operations
Resigned after press allegations of fraudulent financial dealings



Rita Lavelle
EPA assistant administrator for toxic wastes
Convicted of perjury concerning preferential treatment for a former employer



Robert McFarlane
National Security Adviser
Under investigation for his participation in the Iran-contra affair



"Government isn't the solution," Ronald Reagan regularly intoned before coming to Washington. "Government is the problem." The Government,

went his litany, was bloated with "waste, fraud and abuse," all of which desperately needed purging. His words proved prophetic, though not precisely in the way he intended: his Administration, from its very beginning, has been riddled from top to bottom with allegations of impropriety and corruption.

More than 100 members of the Reagan Administration have had ethical or legal charges leveled against them. That number is without precedent. While the Reagan Administration's missteps may not have been as flagrant as the Teapot Dome scandal or as pernicious as Water-

gate, they seem more general, more pervasive and somehow more ingrained than those of any previous Administration. During other presidencies, scandals such as Watergate seemed to multiply from a single cancer; the Reagan Administration, however, appears to have suffered a breakdown of the immune system, opening the way to all kinds of ethical and moral infections.

Perhaps part of the reason for many of the Administration's sundry collisions with the law is that it is operating under a new set of rules: it is the first to be covered from the start by the 1978 Ethics in Government Act. Yet to a large degree it is the very ideology of the President and his Administration that seems to encourage a climate of abuse. Reagan appointees have tended to share a common philosophy about government: less is better, none is

best. Many appear to have come to Washington with an innate disrespect for its institutions and a disregard for the rules that govern them.

The fallen Reagan Administration officials fit into some broad categories. There are the Foxes in the Chicken Coop: those appointed to enforce regulations they chafed under while in the private sector and who, once in office, seemed eager to undermine them. There are the Public-Service Privateers: appointees from the business world who carried their Wall Street ethos into the public sector. The True Believers: officials whose loyalty and ambition overcame their judgment and principles. And People with a Past: officials undone by acts committed before entering government.

When Reagan appointees took control of various agencies, they sometimes



Carlos Campbell
Assistant Secretary,
Commerce Department
Relinquished his job after
charges of awarding dubi-
ous grants to friends' firms



William Casey
Director, Central
Intelligence Agency
Suspected of lying to Con-
gress about CIA involvement
in Iran-contra affair



Michael Deaver
Deputy White House
chief of staff
Indicted for perjury after
investigation for violation
of ethics statutes



Raymond Donovan
Secretary of Labor
Indicted for his company's
involvement in defrauding
the New York City Transit
Authority of \$7.4 million



John Fedders
Chief of enforcement
for the SEC
Resigned after disclosure
of charges by his wife that
he repeatedly beat her



Arthur Hayes
Food and Drug Administra-
tion commissioner
Resigned while under in-
vestigation for overlapping
reimbursements for travel



J. Lynn Helms
Chief of the Federal
Aviation Administration
Resigned when grand juries
probed his earlier business
dealings



John W. Hernandez
Acting EPA administrator
Resigned after his staff dis-
closed that he allowed Dow
Chemical to review a report
naming it a dioxin polluter



Robert Hill
Economic Development
Administration official
Convicted of accepting a
gratuity from an anti-
poverty group



John Horton
Assistant EPA
administrator
Dismissed by White House
for using Government em-
ployees for private business



Marjory Mecklenburg
Deputy Assistant Secretary
of HHS
Resigned after allegations
of irregularities on travel
vouchers



Edwin Meese
U.S. Attorney General
Under investigation by
a special prosecutor for
his role in helping
Wetech Corp.



Jonathan Miller
Deputy Assistant to the
President
Resigned after being ac-
cused of helping move cash
to the contras



Robert Nimmo
Head of Veterans
Administration
Resigned before a report
criticized him for improper
use of Government services



Lyn Nofziger
White House aide
Under investigation by
a special prosecutor for
his role in helping
Wetech Corp.

sabotaged the institutions—from the top. At the Environmental Protection Agency, Anne Burford and more than a dozen of her senior aides resigned in the face of a variety of charges, including one that they had deliberately ignored environmental violations by chemical companies whose officials they were chummy with. For them the agency was the problem, not the solution; their remedy was to create the kind of chemistry that would neutralize it.

Some Administration officials, following the Reagan ethos of privatizing the public sector, treated their Government jobs as private fiefs. At least Emanuel Savas, an assistant secretary at the Department of Housing and Urban Development, preached what he practiced: he used his agency staff to type and proofread a commercial book of his titled, aptly enough, *Privatizing the Public Sec-*

tor. Some officials, having made financial sacrifices to go into Government, evidently felt entitled to recoup as much as possible. C. McClain Haddow, former chief of staff at the Department of Health and Human Services, was indicted last month for fraudulently obtaining \$33,540 from the "T. Bear Foundation," which he helped create to encourage children to wash their hands.

In a tradition as old as the Republic, some officials regarded Government service as a splendid opportunity to reward friends and punish enemies. Victor Thompson, president of the Synthetic Fuels Corp., resigned after disclosures that he had sought help for his private bank from a Texas oilman who was doing business with the Government corporation.

Some former officials, following another time-honored tradition, apparently

saw Government service as a stepping-stone to later affluence. Michael Deaver, Lyn Nofziger and Richard Allen were able to trade in their Government contacts for lucrative consulting businesses. Both Nofziger and Deaver have come under investigation for allegedly violating the Ethics in Government Act by lobbying their former employers too soon after leaving the Administration; Deaver has been indicted for perjury.

For some Reaganites, almost any action in pursuit of the President's vision was justified; for them, it was not a Government of laws, but of one man. Oliver North, for one, did not seem willing to let anything, even Congress, stand in the way of serving his Commander in Chief.

Other officials, who performed capably and honestly in office, were capsized by matters they had been involved in be-



Oliver North
National Security Council aide
Fired after revelations that arms profits were diverted to *contras*



Matthew Novick
EPA inspector general
Dismissed after allegations that he used Government employees to work on private business



Theodore Olson
Assistant Attorney General
Under investigation for obstructing justice in probe of EPA



Robert Perry
EPA general counsel
Resigned after improper participation in settlement involving subsidiary of former employer



J. William Petro
U.S. Attorney, Cleveland
Fired and fined for tipping off an acquaintance about a forthcoming grand jury indictment



John Poindexter
National Security Adviser
Resigned after revelations that money was diverted to the *contras* from Iran arms sales



Thomas C. Reed
White House counselor on national security
Resigned; repaid \$427,000 he made on an insider trade



Emanuel Savas
Assistant Secretary of HUD
Assigned staff members to work on a book he was writing; resigned



Victor Schroeder
President, Synthetic Fuels Corp.
Resigned amid charges including billing SFC for home, interest payments



Richard Secord
Air Force major general (ret.)
Suspended after fraud charges; reinstated, key in Iran-*contra* network



Victor Thompson
President of Synthetic Fuels Corp.
Resigned after internal review said he violated ethics rules



John Todhunter
Assistant EPA administrator
Resigned after allegations of private meetings with chemical lobbyists



Peter Voss
Postal Service governor
Pleaded guilty to charges of expense-account fraud and accepting kickbacks



James Watt
Secretary of the Interior
Resigned after making a series of controversial remarks that offended various groups



Charles Z. Wick
Director, U.S. Information Agency
Taped conversations with public officials without their permission

fore taking office. J. Lynn Helms, head of the Federal Aviation Administration, resigned after it was disclosed that grand juries and federal agencies were probing some of his past business ventures. Max Hugel, deputy director for operations at the CIA, quit after allegations by two stockbrokers of improper securities dealings.

Although resigning under fire can shatter a life, a number of Reagan appointees have prospered, their alleged transgressions being considered an occupational hazard in a dirty business. Richard Allen, who resigned amid reports that he had received a \$1,000 "honorarium" from a Japanese journalist after setting up an interview with the First Lady, has a plethora of Japanese and Taiwanese clients for his Washington consulting business.

For most, however, leaving office un-

der a cloud shadows all their days. Deaver has seen his staff of 18 wither to a secretary, a bookkeeper and an aide. He has shuttered his glossy offices in Washington and put his fancy furniture in storage.

Rita Lavelle also knows what it is to put one's life on hold. The former head of the EPA's toxic-waste clean-up program, she served three months in prison for lying to Congress and is now house-sitting in San Diego "because I can't afford any rent." Says she: "I've applied for jobs that are far beneath me. It's hell being branded a felon. My career is in ruins. I'm financially devastated without any ability to get back on my feet. People shun me." She was hired earlier this year as a consultant to a Southern California company, but when executives of the firm found out, they sent security to remove her. "I have to

justify being Rita Lavelle to people three or four times a week."

Like most of those who have left office, Lavelle feels maligned—in fact, she has enlisted congressional support and hopes for a new trial to restore her reputation. Many others consider themselves victims. Virtually all blame politics, selective enforcement and Washington backstabbing for their troubles. Hardly any feel remorse. "I've never profited or attempted to profit from any of this. I've had nothing but suffering because of my Government service," Lavelle says. Indeed, one of the sad commentaries on the Reagan era is that so many of those tainted by ethical improprieties still seem unable to divine what was wrong with their concept of government service. —By Richard Stengel.

Reported by David Beckwith/Washington

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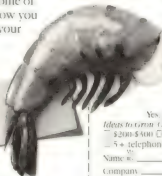


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Ethics

Sounds of the Righteous Brothers

The candidates are striving to make a virtue of their virtue



When a hot breeze of scandal blew away Gary Hart's candidacy, the other contenders felt a chill of apprehension. Would each be asked, as Hart was in his last press conference, whether he had committed adultery? Would evasion stamp a politician with Hester Prynne's scarlet letter?

Last week nobody put the brutal A question directly to any of the remaining candidates, but TV talk-show hosts and newspaper reporters came close enough by demanding to know whether the inquiry was a legitimate campaign issue. Many of the candidates danced around this hand grenade, waiting for it to become yesterday's news. "The debate," said Richard Gephardt's campaign manager William Carrick, "is going through an awkward phase, a cartoon phase." But even if the sex angle goes stale, candidates will have to spend considerable time on broader ethical issues.

Democratic Senator Joe Biden, on CNN's *Larry King Live*, wondered if relentless interrogation along personal lines would "make politics like a circus." Emphasized Biden, whose strong family life has been a political asset for years: "I don't have anything to worry about in the sense that there is a culpable act in my background or that I have a promiscuous life-style."

On NBC's *Meet the Press*, Democrats Gephardt and Jesse Jackson came down on opposite sides. Gephardt argued, "You answer the questions you are asked," even intrusive ones. Lechery deserves discussion, he said, because "I don't think that's the way we want our leaders to act. I don't think that's a good role model for the country." Jackson insisted that Hart had been correct in ducking the adultery question. A candidate's morality, he said, should be judged by his stands on issues such as South African policy and the *contras* as well as bedroom behavior. Intimate inquiry is legitimate, Jackson contended, only when "some illicit relationship was having some bearing on national interest or national security."

For Jackson, a Baptist minister with strong support in black churches, the issue is particularly touchy because for years he has been the subject of unsubstantiated rumors. Some of his backers worry about his vulnerability on "character" questions. As Hart's campaign was collapsing

two weeks ago, several advisers met with Jackson in Chicago. According to one of his aides, they discussed possible tactics in the event similar questions were raised about Jackson, and he was warned against any appearance of impropriety.

There was disagreement among Republicans as well. When the New York *Times* last week polled 14 candidates asking how "hypothetical" contenders, pure and impure, should answer the A question, responses spanned the spectrum. Senate Minority Leader Bob Dole said once a politician has declared for the presidency, he sacrifices his right of priva-

to have a direct feel for who the candidates are, how they make decisions, what their priorities are in their personal lives."

Democratic Pollster Geoffrey Garin cites a related requirement: "In 1988, the watchword is sincerity. Does the candidate mean what he says? Is he leveling with me?" But neither Jimmy Carter's Sunday School platitudes nor Ronald Reagan's "Morning-in-America" syrup will suffice this time because voters have been disappointed too often.

Sensitive to this, most of the candidates, like cereal distributors, stress high fiber content. Babbitt's new TV ads in Iowa depict him as tough on the Mafia, polluters of the environment and Wall Street speculators. One 60-second spot contains three references to honesty and truth. Massachusetts Governor Michael Dukakis, capitalizing

on his Mr. Clean record, tells voters, "Our children have a right to an America where integrity is the watchword. They deserve better than the sight of Wall Street insiders being led away in handcuffs or government officials who use public life mainly to make contacts for private life." Bush, in the first of a series of speeches laying out his principal themes, emphasized similar points, even at the risk of seeming disloyal to fellow Reaganites. "Our own Administration has been the victim of individuals who haven't had the judgment or integrity to put the public's business above their own selfish interest," he told students at Albion College. "Greed is not a legitimate force in this society."

With so many candidates sounding like virtuous, angry populists, it is doubtful that any one of them can collect heavy dividends from the theme of righteousness alone. Similarly, marital fidelity by itself is not going to be a big draw. Instead,

these will probably prove to be what pollsters call "threshold issues"—standards to which the candidates must measure up simply to stay in contention. Some candidates will have more difficulty than others. Nevada Republican Paul Laxalt, for instance, was once part of his state's gambling industry and is still pressing a libel suit against a newspaper chain, which, he claims, falsely implied his involvement in casino skimming. Robertson suffers indirectly from the turmoil among fellow televangelists and directly from an accusation that in 1951 he used political influence to evade combat duty in Korea. But for all of the contenders in both parties, the scandals of 1987 provide some clear guidance for 1988: keep your spouse in camera range whenever possible and maintain a high indignation level against offenders of all kinds.

—By Laurence L. Barrett/Washington



cy, Congressman Jack Kemp, who has had to deny 20-year-old rumors of sexual misconduct, rejected the *Times* inquiry as "beneath the dignity of a presidential candidate." Vice President George Bush warned the press against "unseemly inquiries into private behavior." Pat Robertson, the other Baptist clergyman seeking the presidency, said national candidates should be held, at the very least, to the same standards of conduct as U.S. Marine guards stationed at the Moscow embassy.

The nation's reawakening concern with ethics puts a higher political premium than ever on personalities who can come across as trustworthy. Arizona Democrat Bruce Babbitt says he senses a "groping quality" among voters. "What people seem to be saying," adds Babbitt, "is 'This time around we want

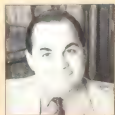
Having It All, Then Throwing It All Away

Not since the reckless 1920s has the business world seen such searing scandals.

White-collar scams abound: insider trading, money laundering, greenmail. Greed combined with technology has made stealing more tempting than ever. Result: what began as the decade of the entrepreneur is becoming the age of the pinstriped outlaw



Robert Anderson
Consultant, former
Treasury Secretary
Pleaded guilty in March
to tax evasion and illegal
banking operations



Charles Atkins
Tax-shelter promoter
to wealthy clients
Accused in March of
providing \$550 million in
fraudulent write-offs



Dennis Levine
Former investment banker,
Drexel Burnham
Pleaded guilty to stock
fraud. Serving a two-year
sentence



Albert Nipon
Women's clothing
manufacturer
Served 17 months in
prison for tax evasion and
conspiracy to defraud



J. Michael Cook is an enthusiastic collector of oxymora, among them such alleged contradictions as airline food, jumbo shrimp and postal service. But

Cook, chairman of the Big Eight accounting firm of Deloitte Haskins & Sells, bristles when wags tell him about the latest one: business ethics. The unamused Cook maintains that most business people can still be trusted. Yet he admits, "We have all been embarrassed by the events that make the *Wall Street Journal* read more like the *Police Gazette*."

That is hardly an exaggeration. Not since the reckless 1920s and desperate 1930s have the financial columns carried such unrelenting tales of vivid scandals, rascally characters and creative new means for dirty-dealing (insider trading, money laundering, greenmailing). Consider these episodes, all hard to believe, all matters of record:

- ▶ A widely admired investment banker with a yearly income said to exceed \$1 million sneaks into Wall Street alleys to sell insider tips, for which he later collects a briefcase stuffed with \$700,000.
 - ▶ Savings and loan officers in Texas, all with six-figure salaries and bonuses, loot their institution to buy Rolls-Royces and trips to Paris.
 - ▶ A defense contractor with \$11 billion in annual sales charges the Government \$1,118.26 for the plastic cap on a stool leg.
- While questionable business practices are nothing new, the vulnerability of to-

day's economy to rampant white-collar crime is setting off alarms. Particularly in the service industry, stealing has become easier than ever to pull off and to rationalize. White-collar workers are harried by competition, given new power by computers, tempted by electronic flows of cash, and possessed of a strong appetite for status symbols. Result: what began as the decade of the entrepreneur is fast becoming the age of the pinstriped outlaw, his prodigal twin. The white-collar crime wave is already spurring an antibusiness backlash, which could lead to a fresh dose of the regulations from which many industries have only recently won freedom. Says Michigan Democrat John Dingell, chairman of the House Energy and Commerce Committee: "I think the pressures on honest men have grown manifold, and they're leading them to mistakes they wouldn't have made before."

Of course, many of today's ethical transgressions go far beyond any gray area. Last week federal and New York City authorities cracked a phony tax-shelter scheme that allegedly bilked more than \$115 million from at least 2,500 investors, including Comedian Eddie Murphy. The accused ringleader was John Galanis, 44, a hefty ex-con who managed to build a reputation as a financial wizard by spending lavishly on parties, automobiles and homes.

A day after Galanis was rounded up at his posh beach house in Del Mar, Calif., Wall Street's insider-trading drama again burst into the headlines when prosecutors

suddenly sought to drop charges against three defendants—Robert Freeman, Richard Wigton and Timothy Tabor—who had been scheduled to face trial this week. U.S. Attorney Rudolph Giuliani claimed that his prosecutors have found a much wider conspiracy and intend to come back to court soon with new charges against the same men and others. But the defendants, who were handcuffed last February while Wall Streeters watched agape, said the move shows that the Government has a weak case and should never have arrested them in the first place.

Giuliani's hesitancy marks the first setback, perhaps only a temporary one, in the historic insider-trading crackdown that began a year ago last week with the arrest of Investment Banker Dennis Levine, who is now serving a two-year sentence in the federal penitentiary in Lewisburg, Pa. In most cases the threat of going to prison, even one with a tennis court, has inspired accused insiders to squeal on their colleagues. Levine got a relatively light term for his cooperation in bringing down Arbitrator Ivan Boesky (sentencing: Aug. 21), who in turn fingered Investment Banker Martin Siegel (June 11) and others. To some observers, the Wall Street criminals are worse than many industrial soundbonds of the past. At least the fabled robber barons of the 19th century left a legacy of railroads and successful industrial companies; today's financial crooks are only paper shufflers and money changers. Critics think they will be far more socially productive now



Ivan Boesky
Fallen dean of Wall Street arbitrageurs
Admitted insider trader.
Faces up to five years in prison. Sentencing: Aug. 21



Jacob Burthner
Controlled Tennessee-based banking chain
Convicted of bank fraud
Now serving a 20-year prison sentence



John Galanis
Tax-shelter promoter, former broker, ex-con
Charged last week with bilking investors of more than \$115 million



Aldo Gucci
Patriarch of international fashion empire
Pleaded guilty to tax evasion. Now in halfway house, finishing one-year sentence



Boyd Jefferies
Specialist in trading large blocks of securities
Pleaded guilty to stock manipulation and falsifying records. Sentencing: June 5



Victor Posner
Miami Beach industrialist, corporate raider
Convicted of evading \$1.2 million in taxes. Granted new trial



Marc Rich
Commodity trader, formerly New York-based
Accused of evading \$48 million in U.S. taxes. Now living in Swiss exile



Martin Siegel
Merger guru, recently for Drexel Burnham
Allegedly sold stock tips to Boesky. Pleaded guilty to felony charges



Paul Thayer
Chairman, LTV Corp., 1970-83
Served 19 months for role in insider-trading scheme. On parole until 1989



Marvin Warner
Former owner, Home State Savings Bank
Sentenced in March to 3½ years for role in Ohio thrift's collapse

that they are making license plates and furniture.

Yet Wall Street does not have a corner on the greed industry. White-collar crime is as diverse as the economy, ranging from income tax evasion to false advertising, from check kiting to boiler-room operations that sell nonexistent gold. While common street crime costs the U.S. an estimated \$4 billion a year in losses, white-collar lawbreaking drains at least \$40 billion—and probably much more—from corporations and governments, not to mention millions of consumers and taxpayers. Marvin Warner, a financier and former Ambassador to Switzerland, was sentenced in March to 3½ years in prison for his role in the collapse of Cincinnati's Home State Savings Bank, which forced the temporary closing of 70 other thrift institutions in Ohio and cost that state an estimated \$226 million. Business crime is just as insidious on a small scale: two tow-truck operators in New Jersey were convicted last year for pouring oil on a freeway ramp to cause accidents and boost their business.

Why a sleaze wave now? To some extent, it represents the dark side of President Reagan's emphasis on the free market and individual enterprise. A few entrepreneurs simply go too far. Says James Gattuso, a policy analyst for the Heritage Foundation, a conservative think tank, "We have more capitalism now, and it isn't always pretty." But Reagan deserves only part of the blame for America's current swing toward material-

ism, which has no doubt driven many status-crazed professionals over the line to meet the bills on their platinum cards.

If greed is the main motivator in the surge of white-collar crime, pressure to perform also plays a part. Many individuals and companies feel much more competitive stress these days. The flood of baby boomers into the job market has created a crowding effect as they squeeze toward the top. Observes Thomas Mulligan, an adjunct professor at the Duke University business school, "Unethical behavior is more the result of being too focused on their task than an overt intent to do something evil." At the same time, deregulation of industries from banking to broadcasting has made companies feel compelled to cut corners to keep up with rivals. Several U.S. airlines, notably Continental, have been accused of endangering passengers by cutting back on maintenance, a charge the carriers deny.

In any event, some of the worst ethical violations often result from the absence of conscientious naysayers rather than the presence of individual culprits. Manville's huge asbestos output and A.H. Robins' production of the tiny Dalkon Shield intrauterine device, both health hazards, might have been stopped earlier if employees had been encouraged to voice their misgivings. But whistle blowing is usually a high-risk business. Says Richard Boland, professor of accountancy at the University of Illinois, "People who try to ask the embarrassing

question have a very, very dismal record in succeeding in their later careers."

Management experts think ethics should start at the top. That may have been what General Electric officials had in mind last week when they shook up the management at GE's Kidder Peabody investment division in the wake of insider-trading charges against two former employees and a third employee who is now suspended. Ralph DeNunzio, Kidder's chief executive for the past ten years, was ousted in favor of Silas Cathcart, former chairman of Illinois Tool Works, in a move that may be designed to inject a dose of heartland ethics into the Wall Street firm.

Already a new tide of more positive peer pressure appears to be coming to bear on the wayward Wall Streeters. Overreaching investment bankers are now widely lampooned for their herdlike compulsions, even their telltale yellow ties and red suspenders. Wrote Journalist Ron Rosenbaum in a blistering essay in *Manhattan Inc.*, a business magazine, "Throw them out, fellas. Wearing red suspenders these days is like wearing a sartorial scarlet letter that says: I BELONG TO A SHAMEFUL PROFESSION. I AM PROBABLY A CROOK." Another possible sign of change hardly anyone seems interested anymore in the Parker Bros. board game called "Go for It! The Game Where You Can Have It All." Last week one store in Manhattan slashed the price of that fantasy from \$13.49 to \$3. —By Stephen Koops, Reported by Harry Kelly/Chicago and Raji Samghabadi/New York

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Looking to Its Roots

At a time of moral disarray, America seeks to rebuild a structure of values



"Most ethics become important when the roof falls in." So said TV Producer Fred Friendly recently as he plunged into the making of a PBS series designed to examine the tangled state of American ethics. His task could not have been more timely or more daunting, nor could his comment have been

more appropriate. Large sections of the nation's ethical roofing have been sagging badly, from the White House to churches, schools, industries, medical centers, law firms and stock brokerages—pressing down on the institutions and enterprises that make up the body and blood of America.

Surveying the damage, Church Historian Martin Marty of the University of Chicago sees a "widespread sense of moral disarray." Once, notes Bryn Mawr Political Scientist Stephen Salkever, "there was a traditional language of public discourse, based partly on biblical sources and partly on republican sources." But that language, says Salkever, has fallen into disuse, leaving American society with no moral lingua franca. Agrees Jesuit Father Joseph O'Hare, president of Fordham University: "We've had a traditional set of standards that have been challenged and found wanting or no longer fashionable. Now there don't seem to be any moral landmarks at all."

At the same time, the collapse of standards brings ethical issues to the forefront. Many Americans feel a need to start rebuilding the edifice, to re-evaluate the basis of public morality. In so doing, says Joseph Kockelmans, professor of philosophy at Pennsylvania State University, "people may finally begin to take responsibility for their lives, instead of just being sheep."

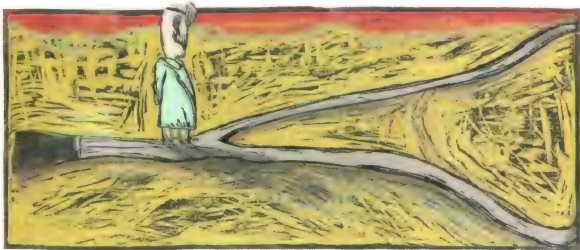
The need to do so is widely recognized. In a recent poll for *TIME* conducted by Yankelovich Clancy Shulman,* more than 90% of the respondents agreed that morals have fallen because parents fail to take responsibility for their children or to imbue them with decent moral standards; 76% saw lack of ethics in businessmen as contributing to tumbling moral standards; and 74% decreed failure by political leaders to set a good example.

*The findings are based on a telephone survey of 1,014 adult Americans conducted January 19-21. The potential sampling error is plus or minus 3%.

Lawyers are often seen not as guardians of the law but as sophisticated manipulators who profit from rule beating. Even the ethics counsel for the 313,000-member American Bar Association, Lisa Milord, concedes that all too many lawyers "are looking out for their own interests rather than the integrity of the legal system." The A.B.A. notes that in 1985 state courts imposed sanctions ranging from disbarment to probation on 2,396 errant practitioners, an increase of 44% since 1981. Doctors, wandering through ethical thickets freshly grown from a technology that gives them daunting new powers over life and death, are held in low esteem by many who see them as self-serving money chasers. Dr. Richard Kusserow, inspector general for the U.S. Department of Health and Human Services, claims that physicians' peer-review boards, out of concern for the profession's good name, tend to sweep ethics complaints under the rug. "They protect each other's incompetency from the public," he says.

This protective obsession with self and image, say behaviorists, also permeates family living. Carlfred Broderick, a sociology professor at the University of Southern California, says increased emphasis on what he calls "personhood"—as opposed to duty—has helped to unravel traditional family obligations. Gary Hart's and Evangelist Jim Bakker's misadventures, for example, can be seen as manifestations of the personhood cult. The focus in such cases, Broderick emphasizes, is on self, under the banner of personal fulfillment. "Individual rights play a significant role," he says, "and that's where the tension arises" in today's families.

Irene Goldenberg, a psychology professor at the University of California, Los Angeles, concludes that the cult of personhood has brought about a more selfish view of the "responsibilities in a marriage," including the responsibility for divorce. Goldenberg adds that the diminished sense of commitment has seeped down to children, leaching out old feelings of loyalty to the family. In consequence, she says, today's children are "taking care of themselves first."



As the home becomes a less stable and more selfish place, many people have begun to blame the schools for not taking over the traditional family task of inculcating values. Secretary of Education William Bennett describes many U.S. public schools as "languishing for lack of moral nutrition." Such concerns are shared by Harvard Psychiatrist Robert Coles, who believes values should be a "topic in all aspects of a student's life." But as Murry Nelson, associate professor of education at Penn State, puts it, "Who is to decide what are the 'right' values?"

Church groups have tried to fill the values vacuum by energetically preaching a return to conventional standards. James Laney, president of Emory University in Atlanta and an ordained Methodist minister, notes that the "churches are stirring" to promote a moral revival. None have been more successful than the Protestant Fundamentalists and Evangelicals. Donald Shriver, president of the Union Theological Seminary in New York City, says that the many people who are looking to religion for moral authority "find it in the message being preached and in the community of the church."

As with other professions, however, Laney points out that "in some cases their agenda has been narrow and self-serving." For example, right-wing Evangelicals and Fundamentalists in Alabama and Tennessee have demanded that certain books be banned from classrooms for advocating "secular humanism" at the cost of biblical teachings. "They've appointed themselves to be guardians of public morality," says Presbyterian Minister Morton McMillan of Tupelo, Miss. These sects have been tarnished by their own troubles with moral guardianship, as in the PTL's Jim Bakker scandal or in Oral Roberts' dubious (though successful) plea for \$4.5 million from his TV faithful lest God make good an alleged threat to "call Oral Roberts home."

The Vatican, too, raised a storm last March when it issued a document calling for legal restraints on medical manipulation of human birth, including in vitro fertilization, surrogate motherhood and termination of flawed fetuses. Moral traditionalists of all faiths cheered. Biomedical science, they claimed, must not intrude on natural life processes. But many liberals sided with Michigan Lawyer Noel Keane, a pioneer in arranging surrogate agreements, who reportedly declared, "I think the church is a little out of touch with reality." The document has prompted serious debate, but so far it has moved the country no closer to a consensus on some profound ethical dilemmas. To whom, for example, does a child of surrogate birth really belong? Should a malformed fetus or infant (or any other patient in extremis) live or die? Who will make these decisions? And, more broadly, does ultimate moral authority lie with institutions such as church and state to codify and impose? Or, in a free society, are these matters of private conscience, with final choice belonging to the individual?

A strain of righteousness lies deep in the American character. As John Gunther wrote in *Inside U.S.A.*, "Ours is the only



country deliberately founded on a good idea." That good idea combines a commitment to man's inalienable rights with the Calvinist belief in an ultimate moral right and sinful man's obligation to do good. These articles of faith, embodied in the Declaration of Independence and in the Constitution, literally govern our lives today. Meanwhile the compulsions to repent and punish sin remain just beneath the skin, erupting like fever blisters in times of stress and producing a rash of reforms. Inevitably the compulsions tend to disappear as quickly as they surface, leaving the root causes of trouble intact. As Democratic Congressman Leon Panetta of California puts it, "There comes a backlash to these reforms." Thus, after the Watergate scandal of the early '70s, both the Government and the people turned back to business as usual, somewhat relieved to let the country run itself again—as many feel it should do.

Lacking a universal code, many people have tried to substitute specific rules. Says Ethicist Daniel Callahan, co-founder and director of the Hastings Center think tank near New York City: "When most people talk about morals, they are concerned with laws and regulations and codes." When laws do not exist to regulate a particular situation, "we assume it is pretty much every person for himself."

Along with these selfish tendencies toward evasion, a yearning exists for the good old days when, supposedly, people knew what was expected and did it. Yet many agree with Martin Marty, who says, "I don't think there ever were any good old days" in the sense of a more moral America. As the Rev. McMillan puts it, "I don't know when these good old days were when they talk about morality in

Mississippi. There was a lot of teenage pregnancy back then, but it was black girls being impregnated by white men. Black people were being lynched, and nothing was being done about it."

Because society tolerated such immorality, argues the Rev. Charles Stith, a Methodist pastor and president of a citizens' group called the Organization for a New Equality, "by appearance, life seemed simpler." He adds, however, that the social and technological advances of recent decades have "touched every part of society, and that gives the appearance of things falling apart. But we are really in the process of constructing a new morality in which freedoms we struggled for will be counterbalanced with a sense of responsibility, so that the freedoms don't become excess." In groping for this new morality, warns Emory's Laney, the country must accommodate present realities, not reach back for old dreams. "Moral preachments and demands for a return to the old ways should not cause us to be less appreciative of a decreasingly homogeneous society."

A critical first step for building new standards, suggests Donna Shalala, a political scientist and president of Manhattan's Hunter College, is to turn the emphasis from self to society. "If we want to survive," says Shalala, "we will have to reach

Ethics

some consensus about the behavior of individuals." Strong concurrence comes from John Silber, president of Boston University, who blasts what he sees as today's self-centered hedonism. "The gospel preached during every television show," says Silber, is "You only go around once in life, so get all the gusto you can." It is a statement about theology; it is a statement about beer. He concludes, "It's lousy beer and even worse theology."

In the search for renewal, one of the greatest handicaps, say ethicists, is lack of leadership. This has been the case with the President, who, having declared that he ordered no cherry trees felled, has held to that protestation despite congressional testimony implying his knowledge and approval of the Iran-*contra* arms dealings. This has caused the country some agonizing over how and why such doings, with all their ramifications at home and abroad, have become standard in a Government founded upon due process and accountability to the people.

The dominant reflex has been to blame those in office. Historians like Columbia's Henry Graff, however, point out that since all U.S. politicians are creatures of the people, the Administration merely embodies the people's most visible warts. Moreover, during the rummaging for new leaders, neither major party has come up with compelling exemplars of rectitude.

Lack of focused guidance, various segments of society are scrambling around to shore up their corners of the ethical roof. Congress is trying to fashion a bipartisan bill to reform election campaigns, though there is understandable doubt that any real change is in the cards, given the carloads of cash that political action committees confer on Capitol Hill. In addition, Congress is hammering out a toughened Government ethics code that includes provision barring departing senior officials from working for a foreign nation until ten years after their Government service. A new law put into effect last month forbids specified departing Pentagon personnel to take jobs for two years in any industry whose military contracts they have been connected with. The hope is to eliminate revolving-door palships that have helped to kite prices of Defense Department procurements.

"We learn slowly and painfully," says Congressman Morris Udall, Democrat of Arizona, who points out that existing standards of congressional ethics result from past disclosures of Congressmen on the take. "You come out of the scandal with something better," Udall concludes. At least two state legislatures have moved to tighten ethical standards. Georgia this spring created a state ethics commission and established extensive disclosure and conflict-of-interest guidelines for all public officials.

In medicine the concern for ethics has become central to the relationship between doctors and their patients. According to the American Hospital Association, ethical consultants or committees now work day to day with 60% of acute-care institutions and 90% of major medical centers. Recently at

Dartmouth College's Mary Hitchcock Memorial Hospital, ethicists joined a gynecologist to dissuade an infertile couple from requesting that the wife be artificially inseminated with her husband's brother's sperm. "Imagine how that kid is going to be thrown for a loop," argued Hitchcock Ethics Counselor Charles Culver, "when he finds out his uncle is really his father."

At Boston's Beth Israel Hospital an ethical advisory group meets regularly to deal with questions ranging from which patients should receive specific types of surgery to treatment choices for newborns with potentially lethal flaws. Says Rabbi Terry Bard, who set up the Beth Israel committee: "The thing people fear most is non-being, so when medicine is at the brink of posing being or non-being for us, it has tremendous power. This is one reason why ethical dilemmas have become such an important part of medicine."

The same is true for the power of other technologies that have made moral decisions more daunting and complicated. At the Massachusetts Institute of Technology some 120 faculty members have signed a nationally circulated pledge to refuse research funds for the Strategic Defense Initiative. "The problem,"

explains M.I.T. Physicist Vera Kistiakowsky, one of the signers, "is that the money is not just money for research. There are consequences attached to it." The most troublesome consequence she sees is implied support for a program that is highly politicized and dubious as science. Declares University of Illinois Physicist John Kogut, a key figure in circulating the pledge: "We are not going to cooperate with the government to militarize space."

Also at issue is whether any university should participate in weapons research—or classified research of any kind—when the institution's purpose is to disseminate knowledge for the betterment of mankind. Many universities already forbid faculty to accept grants carrying restrictions on full publication of research results.

Other universities are grappling with moral concerns in business and industry, mainly by trying to influence students through ethics courses. At Georgia Tech, Professor Stotter Kezios offers a popular elective in engineering ethics. The course confronts would-be engineers with situations like the tragedy of the space shuttle *Challenger*—a case wherein several engineers at Morton Thiokol, the rocketmaker, spent the night before the launch pleading futilely with NASA and their own management for a precautionary delay.

Since the disaster one engineer, Roger Boisjoly, has quit Morton Thiokol and brought lawsuits for more than \$3 billion against the company in connection with the deaths of the seven shuttle crew members. However, Arnold Thompson, another who had argued for a delay, has stayed on "to get things flying again." Thompson's decision to hang in, hoping and working for better decisions in



the future, reflects the tendency of most of corporate America. "Managers are paid to manage, and it's up to them to make the final decisions," says Thompson, implicitly accepting the dominance of the organization over personal conscience.

Professor Kejos offers his students a stout principle for ethical dilemmas like the one at Morton Thiokol: "Raise hell, stand firm." But he acknowledges that such doctrine is easier said to students in school than done by them in the working world. "They don't have any clues as to how they are going to behave out there." In Los Angeles, Michael Josephson, a Loyola Marymount University law professor who has founded a new institute for ethical studies, is grappling with the same reality gap. "It's easy to say you want to make a lot of money and also be ethical when you are a student," he notes, but "it is much different in the real world." Kirk Hanson, who teaches ethics at Stanford's business school, finds many students apprehensive about the quandaries they will face. "There are a lot of pressures in fast-track environments," Hanson emphasizes. "I think they're afraid of the pressures and culture of Wall Street." But he adds, hopefully, "They're starting to think in advance about what kind of price they want to pay," with the implication that some may feel they do not want to pay at all.

Harvard's Coles senses a turning from the success cult among many college students. "Right now there are almost 1,000 [Harvard] students doing volunteer work with the elderly or with prisoners, or as tutors for children," Coles points out. He regards this as a hopeful sign of "decency, compassion and sensitivity to others, as well as to one's own needs." Some graduate students in professional schools, on the other hand, still seem preoccupied with their personal ambitions. In an effort to encourage moral inquiry, Coles taught a special ethics class at the business school this spring, using characters and incidents from novels and short stories to dramatize the need for broader values. During one class focused on F. Scott Fitzgerald's *The Last Tycoon*, Coles called out a cadence of four words from the book: "Tolerance, kindness, forbearance, affection." Then he asked, "Can these lessons be taught? Should we teach them here? Will these qualities increase our nation's GNP?" One student thought not, arguing, "It is difficult to say that human behavior is driven by anything other than self-interest."

Moral Philosopher Kenneth Goodpaster recalls being struck by the same attitude when he came to the Harvard Business School from Notre Dame in 1980. "There was a certain cynicism that said, 'What good will philosophy do when everyone knows the bottom line is profit? Why bother putting a veneer over that when in fact the driving impulse is going to be amoral if not immoral?'" Harvard's Barbara L. Toffler, who recently published a book entitled *Tough Choices: Managers Talk Ethics*, says the administration of the Business School itself "is not very supportive in trying to bring those of us with concern for ethics together."

Efforts to instill ethical concerns in students are reaching down

even to the elementary-school level. Georgia Attorney Michael Ratelle deplored the dearth of basic civics and morality lessons given to his three schoolchildren in suburban Atlanta. "Words like honesty and integrity aren't in the forefront of kids' minds today," says Ratelle. Last year Ratelle convinced his county's school board to adopt a curriculum developed by a nonprofit Texas group called the American Institute for Character Education. The heart of it is a 106-word statement of principles called "freedom's code," in which some of the key words are citizenship, obligations and two of the same ones that Coles offered to his class, tolerance and kindness. Introduced in 1969, the curriculum is being used in more than 33,000 elementary classrooms in 45 states.

To many observers, however, these efforts amount to patchwork, with no unified direction yet defined. Says Emory President Laney: "There's no question that we are talking more about ethical questions and we seem to be taking a greater interest in them. But whether that translates into moral probity, I wouldn't want to say."

Interestingly, and perhaps reassuringly, some of the most thoughtful ethicists feel that the elements for an enduring moral consensus are right at hand—in the Constitution and the Declaration of Independence, with their combination of Locke's natural rights and Calvin's ultimate right. "It's all there, it's all written down," says Colgate Philosopher Huntington Terrell. "We don't have to be converted. It's what we have in common." Terrell calls for a move "forward to the fundamentals," in which people put their lives where their mouths have been in line with the country's founding principles.

Loyola Marymount Ethicist Josephson argues that such principles are neither idealistic nor theoretical but, rather, the apex of pragmatism. "It is not a matter of being a Goody Two-Shoes," he says. "It is a matter of being practical. The notion that nice guys finish last is not only poisonous but wrong. In fact, the contrary is true. Unethical conduct is always self-destructive and generates more unethical conduct until you hit the pits." He concludes, "The challenge is not always being ethical or paying a big price. The challenge is to be ethical and get what you want. I think you can do it almost every time."

But this optimistic solution does no more than lay bare the marrow of the problem, namely, the nature of people's wants. If Americans wish to strike a truer ethical balance, they may need to re-examine the values that society so seductively parades before them: a top job, political power, sexual allure, a penthouse or lakefront spread, a killing on the market. The real challenge would then become a redefinition of wants so that they serve society as well as self, defining a single ethic that guides means while it also achieves rightful ends.

—By Ezra Bowen.
Reported by John E. Gallagher/New York, Melissa Ludtke/Boston and Don Winbush/Atlanta



Nation

The Good Soldier

Unwittingly, McFarlane paints a picture of a hands-on President



As the Iran-contra scandal spreads in ever wider circles, a disturbing image of Ronald Reagan is taking shape. Most accounts of Irancon, notably the damning Tower commission report, depict the President as a woolly-minded, out-of-touch leader who permitted a band of overzealous aides to conduct secret and possibly illegal operations right under his nose. The White House has done little to dispute that characterization, and for good reason: an inattentive Reagan who knew little of the weapons sales to Iran and nothing about the illicit funneling of arms to the Nicaraguan rebels seemed better than a President who played an active role in the affair.

But last week a different picture of Reagan began to emerge. The new portrait depicts the President as a hands-on boss who thoroughly involved himself in the *contra* crusade. In this version, Reagan ordered his staff to keep the rebels' cause alive after Congress banned U.S. support in 1984 and 1985. He carefully monitored the *contras'* fortunes, asking questions about troop strength, supplies, battlefield activities. He welcomed contributions from one foreign leader and lobbied another head of state to expedite an arms shipment.

The revised picture of the President was drawn by Robert McFarlane last week during four days of sometimes anguished public testimony before the House and Senate Select Committees investigating Irancon. McFarlane, who served as Reagan's National Security Adviser from October 1983 to December 1985, is perhaps the most poignant figure in the scandal. Last February, depressed about his role in the political melodrama, he attempted suicide by swallowing an overdose of Valium.

Under the glare of television lights in the Rayburn Office Building, the dour former Marine described himself as a loyal public servant who became an architect of policies he did not always believe in. Yet time and again he defended the President while blaming himself for the questionable efforts to support the *contras*. "President Reagan's motives and direction to his subordinates throughout this enterprise has always been in keeping with the law and national values,"



The anguished insider: Reagan had a "more liberal" interpretation of the law

McFarlane asserted "I don't think he is at fault here, and if anybody is, I am."

While McFarlane came across as a good soldier, his earnest admissions did not wash with Indiana Democrat Lee Hamilton, chairman of the House panel. "I appreciate your willingness to shoulder great responsibility," Hamilton told the witness. "But I cannot accept that answer."

You cannot, it seems to me, accept responsibility for mistakes as admirable as that may be, and thereby absolve the President of responsibility." Outside the hearings, Democratic Senator George Mitchell of Maine was more colorful. "McFarlane's testimony of the President's personal involvement," he said, "does tend to indicate that the water is lapping at the walls of the sand castle."

Indeed, McFarlane's account indicated that he molded *contra* policy to comply with the President's orders. The former National Security Adviser said that in

1983 Reagan approved a secret CIA plan for mining Nicaraguan harbors to prevent arms and supplies from reaching the Sandinista regime. When Congress learned of the operation in 1984, it passed the Boland amendment, cutting off U.S. assistance to the anti-Sandinista rebels. Yet the President, McFarlane testified, directed his aides to continue helping the *contras* "hold body and soul together." Said McFarlane: "We were to demonstrate, by our simple conviction and persuasion, that he intended to reverse the course of the Congress and get the funding renewed."

Reagan was briefed "dozens" of times on the *contras'* on-the-ground progress and on the Administration's efforts to sustain the movement, McFarlane said. Occasionally, the President became directly involved in providing assistance when Honduras blocked a shipment of arms to the *contras* in October 1985. McFarlane

said, Reagan contacted Honduran President Roberto Suazo Córdova and persuaded him to release the weapons.

Reagan's activism in favor of the *contras* raised questions about his role in soliciting funds from third countries, an indirect form of support that Congress explicitly prohibited in October 1985. In a curious charade designed to avoid embarrassing nations that are friendly to the U.S., it was agreed that they would be cited only by a number. But it was clear that "Country 2" was Saudi Arabia, which had, at McFarlane's prompting, contributed \$1 million a month to the *contras* since May 1984. In February 1985, the President held a meeting in the Oval Office with King Fahd. Just a few days after the visit, the Saudis told McFarlane they would double their monthly donation. When Reagan was informed, McFarlane testified, his reaction was one of "gratitude and satisfaction—not of surprise." In all, said McFarlane, the Saudis contributed \$32 million to the *contras* in 1984 and 1985.

Reagan last week admitted discussing *contra* funding with Fahd but stressed that he was not the one who raised the subject. "My diary shows that I never brought it up," he declared. "It shows that the King, before he left, told me that he was going to increase the aid."

At week's end the President revised his argument, contending that even if he had solicited funds from Saudi Arabia, the law did not prohibit him from doing so. "There is nothing in the Boland amendment that could keep me from asking other people to help [the *contras*]," Reagan told a group of newsmagazine reporters. "The only restriction on me was that I could not approve the sending of help myself out of our budget money."

Reagan was forced to rebut another startling disclosure by McFarlane, in this case an apparent contradiction of Reagan's oft-stated policy of refusing to pay ransom to terrorists. McFarlane claimed that in 1985 the President authorized a plan to pay \$2 million provided by Texas Billionaire H. Ross Perot for the release of two American hostages in Beirut. "I don't recall anything ever being suggested in the line of ransom," Reagan said last week. But, he added, he may have discussed paying foreign agents who could help win the release of American captives. Said Reagan: "I've never thought of that as ransom."

While the testimony by McFarlane tainted the President, it was most incriminating to himself. Though he often tried to obscure his statements with circumlocutions, it became evident that McFarlane, who testified without immunity, was making himself more vulnerable to prosecution. Under questioning by House Counsel John Nields, McFarlane admitted misleading two congressional committees last summer when he testified that he did not know the full extent of Saudi Arabia's contributions to the *contras*. "I was trying to use some tor-

McFarlane: What Reagan Did



Mining the Harbors

The President approved a 1983 CIA plan to mine Nicaraguan ports. The covert action spurred Congress to pass a revised Boland amendment, halting U.S. assistance to the *contras*.

Setting the Policy

After the congressional cut-off, Reagan told aides to help the rebels "hold body and soul together." Subsequently, McFarlane briefed the President "dozens" of times on the *contras*' progress.

Encouraging the Saudis

After Reagan met with Saudi Arabia's King Fahd, in February 1985, Fahd doubled his nation's \$1 million monthly *contra* allowance. The President insists he did not ask for the money.

Lobbying Honduras

Later in 1985, when Honduras blocked a shipment of *contra* arms, Reagan persuaded the country's President to release the weapons.

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tured language—inappropriately, I think," he said. "It wasn't a full account."

He confessed that in the summer of 1985 he allowed his deputy, Lieut. Colonel Oliver North, to alter NSC documents to conceal from congressional investigators evidence of possible violations of the Boland amendment. Implicating himself in a possible cover-up, McFarlane told the panel that he had contributed to a false chronology of events prepared for use by the President and CIA Director William Casey. Moreover, McFarlane acknowledged that North told him last November that he was planning to throw a "shredding party" to get rid of documents outlining the diversion of Iranian arms-sales profits to the *contras*.

Last week's hearings concluded with further evidence of Administration support for the *contras* when Robert Owen, 32, a former Senate aide who worked as a courier for North, described meeting with



NSC consultant: Robert Owen carried cash for the *contras*

contras in several secret rendezvous and handing them envelopes full of cash, as well as maps and photographs prepared by the CIA or the Pentagon. Owen told of one incident in which North gave him \$6,000 or \$7,000 worth of traveler's checks and instructed him to cash them and pass the money on to a rebel leader. Owen claimed that a White House administrative aide, Johnathan Miller,

helped him cash the checks. A few hours after the testimony, Miller resigned.

McFarlane and Owen stressed that the Administration's actions had a noble purpose: to rescue Nicaragua from a repressive Marxist cabal and thus prevent the spread of Communism to the U.S. mainland. To investigators on Capitol Hill, however, the issue was not the Administration's policy toward Nicaragua but its seeming contempt for Congress. "If the National Security Adviser of the President of the U.S. and other high officials do not provide

complete and accurate answers to the Congress, what can we do?" Chairman Hamilton asked McFarlane last week. "How can our system of government work?" Just as central as the fate of Central America, Hamilton was saying, was the attitude of an Administration that thought it could conduct foreign policy in defiance of Congress.—By Jacob V. Lumar Jr.

Reported by Michael Duffy/Washington

Conspiracy Theories

What kind of criminal prosecutions might grow out of the Iran-*contra* affair? The answer can be found in Title 18, Section 371 of the U.S. Code. In exceptionally sweeping language, that statute declares: "If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose . . . each shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

Independent Counsel Lawrence Walsh has already used that provision to convict two minor Iran-*contra* figures. Fund Raisers Carl Channell and Richard Miller have pleaded guilty to a charge of conspiring to defraud the U.S. of tax money; the pair solicited supposedly deductible contributions for the entirely nondeductible purpose of buying weapons for the *contras*. In negotiations with congressional investigating committees, Walsh has left no doubt that conspiracy is the main charge he intends to bring against many more prominent people. Says a source close to Walsh's investigation: "Conspiracy could take in the whole picture." That was pretty much what happened during Watergate: 17 people, including Nixon on Aides John Ehrlichman and H.R. Haldeman, were convicted under the conspiracy statute, and Nixon was named as an "undicted co-conspirator."

In many ways, the law is a prosecutor's dream. Courts have interpreted its "defraud" section to apply to any conspiracy that interferes with the lawful functioning of Government, even if the plot did not result in any other provable crime. People who play widely varying roles in a conspiracy can be judged equally guilty, and only one defendant need be shown to have committed "any act to effect the object of the conspiracy." Thus the prosecutor does not have to focus on the narrow specifics of allegedly illegal acts: he can lay a

long, complex story before the jury in its entirety. He can use the testimony of minor conspirators to convict more important figures; Channell and Miller have already named Oliver North as their co-conspirator. And in conspiracy cases a jury can weigh hearsay evidence.

One obvious possibility is that Walsh might accuse North and others of conspiring to violate the Boland amendment, which for two years forbade any direct or indirect Government assistance to the *contras*. As a civil statute, the amendment provides no penalties, but any Government official or private citizen found guilty of conspiring to violate the law could be sent to jail nonetheless.



Walsh flanked by Congressmen Hamilton and Cheney

Walsh might also charge some people, particularly North, Richard Secord and others who shredded documents, with conspiracy to obstruct justice. Legal experts predict Walsh will further seek indictments against officials, including North and possibly Robert McFarlane, who helped draft a chronology of the Iran-*contra* affair that contained serious inaccuracies. The chronology was intended to prepare the President for his Nov. 19 press conference and to help guide the late CIA Director William Casey through his congressional testimony. Here the charge would be conspiracy to

suborn perjury. Walsh would not have to prove that Casey or anyone else actually gave false testimony. He would only need to show that the officials who drafted the chronology knew it was inaccurate.

James Hamilton, a former Watergate counsel, voices one caution. In conspiracy cases, he says, "It is easy to get an indictment. On the other hand, you may get a situation where the jury doesn't want to convict." Jurors might sympathize with Government officials who contended they were trying in good faith to carry out President Reagan's policies. A jury could bridle at the idea of sending McFarlane, North and others to jail for what it might consider disastrous political misjudgment, but nothing more.

Nation

The Mourning After

Hart apologizes to his followers

At no point in the uproar that led to his withdrawal from the 1988 presidential campaign had Gary Hart given way to contrition and remorse, as he did during last week's lull after the storm: "I take full responsibility for what I did and the big mistakes I made," he said. Although Hart had quit the race "angry and defiant" over headlines about the weekend he spent with Miami Model Donna Rice, he was now less willing to shift the blame: "The news media made mistakes, but it was wrong of me to make it seem like it was all their fault. I brought this on myself."

Hart's remarks were more meaningful because they were uttered not for the



A campaign ends: Joe Trippi closes his office

benefit of the press but for 15 senior staffers at his Denver headquarters. "I realize that I've hurt people and let all of you down, and I apologize," he told his aides during a two-hour farewell meeting in the cramped corner office of Campaign Manager William Dixon. "There are a lot of idealistic 23-year-old kids out there that I have hurt, and I want you to tell them that I'm sorry and that they should not get discouraged and should keep working for what they believe."

Hart, his wife Lee and their children spent most of the week at their stone-and-log cabin in Kittredge, Colo., 25 miles west of Denver. The man who had been the Democratic front runner just three days earlier stayed out of view of reporters even as he began work for the law firm of Davis, Graham & Stubbs. Hart joined the group as a part-time associate last January, mainly to bring in new business. He spent part of every day last week at the firm's 48th-floor downtown offices, which have commanding views of the Rocky Mountains. Associates say Hart will re-

ceive a salary in the "low six figures" for expanding the firm's work in such areas as foreign trade and international law; he is expected to begin traveling to Asia and Europe.

Hart's personal financial situation is not precarious, say close colleagues, but he has so little accumulated wealth that with two children in college, he needed to begin work immediately. Said Dixon: "Like the rest of us, he can't afford to interrupt that income stream. He can't just take a year off and write novels." The author of two novels already, Hart does hope to start another one in his spare time.

Nor can the shuttered campaign ignore its financial problems. It still owes \$1.2 million from the 1984 presidential race. (Although nearly \$2 million had been raised for the 1988 race, only a small surplus is expected to remain after bills are paid.) Hart's organization has asked the Federal Election Commission for permission to pay down the old debt with an estimated \$1.1 million in federal matching funds that Hart will request for the 1988 effort. But he may no longer qualify for this money: the agency is supposed to allot matching funds only to candidates actively seeking the presidency.

Although a few Hart staffers will stay through the summer to pay bills and cancel various leases and contracts, most are exploring new paths. Campaign Manager Dixon, 45, was going home to Madison, Wis., to practice law. Many of the aides are expected to sign on with other Democratic candidates, who were quick to come courting. Former Arizona Governor Bruce Rabbitt sent a recruiter to Denver, and Illinois Senator Paul Simon took Hart's entire 14-member Iowa campaign staff to breakfast. Delaware Senator Joe Biden phoned Hart's Iowa coordinator, Teresa Vilmain, to make a personal pitch for her services. He was not immediately persuaded, and asked, "How can I go back to Iowa and tell all these people I sold on Gary Hart? Oh, now I've got another candidate—try this one!" In Denver, last week Deputy Political Director Joe Trippi waved a clutch of pink phone messages in the air and joked, "This is like career day in college."

The candidate who may have the best chance to latch on to Hart's top hands is Massachusetts Governor Michael Dukakis, whose positions on promoting high-tech industries and education are similar to Hart's. Dukakis aides invited Hart's Denver-based political director, Paul Tully, and others to see him in action in Iowa. But Hart's people were not rushing to new assignments. Most were, in Tully's word, still in "concussion" from their hero's sudden fall. Explained Deputy Campaign Manager John Emerson: "All of us have sacrificed time and money and moved from our homes to work for the one candidate we believed in. That kind of commitment isn't easily transferable."

—By Frank Trippett

Reported by Dan Goodgame/Denver

Andrew Young's Ill-Timed Call

The mayor faces a grand jury

Was he calling as a family friend offering compassionate advice? Or was the mayor of Atlanta bent on stopping an investigation? That apparently was what a federal grand jury in Atlanta wanted to know last week when it summoned Andrew Young to explain his March 25 telephone conversation with Alice Bond, the estranged wife of former Georgia State Senator Julian Bond. The call was placed six days after she told Atlanta police that her husband had been a regular user of cocaine and that she had once seen the mayor use coke.

Young, who was Jimmy Carter's Ambassador to the United Nations, said he called Alice Bond before he knew that she



After testifying: Young with Lawyer Bell

had implicated him as well as her husband. He did so, he said, only to suggest that she stop "passing rumors." After the call, Alice Bond told reporters that her charges were false, even though she had also named the alleged coke supplier and a limousine driver she claimed had sometimes delivered the drug to her husband. The three police officers who had taken the statements from her were then transferred to lesser duties without explanation. That led U.S. Attorney Robert Barr, a former chairman of the Cobb County G.O.P. organization, to launch an obstruction-of-justice probe.

The mayor, who contends that he has "never even seen cocaine except in the movies," rejected suggestions by his lawyer, Griffin Bell, Carter's former Attorney General, that he plead the Fifth Amendment lest the grand jury prove a political trap. Young and Bond, who also denied using coke, are prominent black Democrats, and they are eager to clear up the matter well before their party holds its national convention in Atlanta next year. ■

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A Third Generation of Nukes

From fission and fusion to enhanced X rays and microwaves

The Hazebrook nuclear device that was detonated some 700 ft below the Nevada desert last Feb. 3 was puny by most measures. Equal to about 40 tons of TNT, a mere 2% as strong as the Hiroshima blast, it would be feeble in a missile warhead. But in space, packed into the closed end of a stubby barrel and tamped down with hundreds of thousands of metal pellets, the low-yield weapon could wreak havoc. Unlike a standard nuclear explosion, which would vaporize the pellets and barrel, this one would spray the pellets through space at speeds up to 100 times that of a high-velocity rifle bullet. These pellets could not only burst the decoy balloons that would accompany a swarm of warheads but also destroy incoming missiles before their warheads were released.

Lieut. General James Abrahamson, director of the Strategic Defense Initiative, has confirmed that such a weapon, which he calls a "kind of nuclear shotgun with little pellets," is being developed under the code name Prometheus, despite SDI's supposedly nonnuclear status. It is only one among several new approaches to nuclear weaponry secretly under study in the nation's bomb-design shops, including the Lawrence Livermore and Los Alamos national laboratories.

The first generation of nuclear weapons were the fission bombs of the 1940s and early '50s. In their quest for more powerful blasts, scientists developed fusion bombs, which became the second generation of nuclear weapons. Now a third generation is being developed that stresses finesse and pinpoint targeting.

Among these new weapons is a bomb that would produce mostly microwaves exploded in space. It could fry the electronic circuitry and computer chips of an enemy command center. Another bomb would concentrate the force of a nuclear blast on a small target, aimed at, say, the Kremlin. It could leave the rest of Moscow intact. The result, says physicist Ted Taylor, "is a weapon as different from current nuclear weapons as a rifle is technologically from handgunpowder." It is, he continues, "qualitatively a new phase in nuclear weapons development."

Taylor should know: a nuclear-weapons designer at Los Alamos from 1949 to 1956, he later worked for General Dynamics atomic division and served as deputy director of what is now the Defense Nuclear Agency. In the April *Scientific American*, he argues that designers

can enhance or suppress any of a bomb's destructive effects, including shock waves, heat and various types of electromagnetic radiation.

One advanced version is the Escalibur, already being tested, which boosts the X rays produced by a nuclear explosion. The idea is to use the X rays to power lasers, which would then be targeted at enemy missiles as they fly through space. Taylor argues that microwaves are a better bet

effective way to destroy an enemy's mobile missiles. Because these missiles are not sitting in an easily targeted, fixed silo, it would take a large barrage of standard nuclear warheads to ensure that they were knocked out. But as John Pike, a weapons expert with the Federation of American Scientists, points out, "a single third-generation nuke could blanket a wide area with microwaves, which would short-circuit the electronic mechanisms, disabling the missiles."

Another third-generation technique is to shape bombs in such a way that their blast is focused in specific directions as is now done with conventional explosives. Making a nuclear bomb disk-shaped, for example, channels most of the destructive force into two opposite-directed cones of energy, rather than sending it evenly in all directions. The result: destruction of specific targets rather than entire cities.

The debate is not over whether these weapons can be developed but whether they should be. Physicist Edward Teller, the father of the hydrogen bomb, argues that they are "uniquely designed for defensive purposes" and that "we need to know what the other side is doing and how to defend against it." But IBM's Richard Garwin, a weapons expert and active arms-control advocate, disagrees. "We shouldn't be going this route not just because it's a Pandora's box but because it serves as justification for further nuclear testing. The human race has enough destructive weapons already."

Lowell Wood, the weapons designer at California's Livermore Laboratory who headed the Escalibur X-ray project, notes approvingly that the "obvious direction of weapons design is to increase the utility of weapons and at the same time decrease the disadvantages intrinsic to their use." But that is precisely what worries opponents. Because the new nukes will be smaller and less indiscriminately destructive, they will blur the line between nonnuclear and nuclear weapons, thus making it more probable that a conventional skirmish would escalate into a nuclear exchange.

Despite the controversy, the Reagan Administration is proceeding with the new weapons. Sylvester Foley Jr., Assistant Secretary of the Department of Energy for defense programs, says his department spends "about 10%" of its \$1.85 billion research, development and weapons-testing budget on directed-energy nuclear bombs. The push to perfect third-generation nukes, some experts say, is the main reason that the U.S. has refused to accept repeated Soviet proposals for a ban on nuclear testing.

By Michael D. Lemonick,
Reported by Bruce van Voorst/ Washington



for enhancement. Microwaves—the same kind of electromagnetic emissions that cook TV dinners—have a longer wavelength than X rays and can scramble electrical systems (hence the warnings to wearers of the early unshielded heart pacemakers to stay away from some microwave ovens). Unlike X rays, microwaves can penetrate the atmosphere, reaching the earth's surface from space.

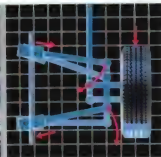
Rudy Garbely, an electrical engineer with JTT Cannon in Phoenix, says the microwaves from a ten-megaton detonation in space could turn virtually every unprotected electronic and electrical circuit within a 2,000-mile radius into a "piece of junk." Microwaves could be an



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MAZDA

Those Who Thought Ahead

Veteran policy planners consider the legacy of a wiser era

Some walked slowly, stooped but not dimmed by years like George F. Kennan, 83, who helped set up the first U.S. embassy in the Soviet Union 54 years ago. Others, still bouncy in the heyday of their careers, flew in from faraway posts, like Winston Lord, 49, the U.S. Ambassador to China. The twelve men who assembled in the State Department last week represented one of the most impressive gatherings of U.S. diplomatic talent in recent years. All are former directors of the policy-planning staff, a branch of the State Department established 40 years ago this month to consider how to rebuild Europe and cope with the Soviets.

A similar set of challenges faced the U.S. in late April 1947, when Secretary of State George Marshall returned from a disheartening visit to Europe and the Soviet Union. The war-ravaged countries of the old Continent, Marshall reported to his countrymen in a radio broadcast, were close to economic disintegration. The Soviet Union, he warned, was becoming increasingly aggressive in its ambitions toward Western Europe. "The patient is sinking while the doctors deliberate," the general declared.

Searching for an innovative response, Marshall sought out Kennan, who had provided early warnings of the Soviets'

State Department—all had their brushes with epochal events. Paul Nitze, who at 80 is still active as President Reagan's arms-control adviser after service under eight Presidents, recalls a 1953 fight with Secretary of State John Foster Dulles to exclude a sentence on Chinese expansionism from an Eisenhower speech just before the Korean War armistice. (Nitze won.) In the summer of 1962, Walt W. Rostow and his staff predicted that Nikita Khrushchev would soon embark on high-risk foreign policy moves. Rostow and other officials met each Thursday over lunch at the State Department to think through a response. "We said that if the U.S. stayed firm, he'd back away," recalls Rostow, 70. Indeed, when President John F. Kennedy imposed a naval blockade in October to pressure the Soviets to dismantle the missiles they were installing in Cuba, Khrushchev backed down.



The thinkers, assembled in the State Department for a reunion: Gerard Smith, Paul Nitze, Henry Owen, Stephen Bosworth, George Shultz, Peter Rodman, George F. Kennan, George McGhee, Robert Bowie, Walt W. Rostow, Richard Solomon, Winston Lord, William Cargo

The reunion, a felicitous idea during this period, when the strategic planning of a wiser era seems so lacking, was the brainchild of Richard Salomon, who has held the policy-planning post since March 1986. Some 300 officials crammed into two small rooms to hear the planners' off-the-record discussion of "future foreign policy challenges for the U.S." One topic was the same one that dominated such meetings when the staff was first formed: What are the Soviet Union's global aims? There was a sense that the cold war that has shaped the world during the past 40 years has become far more complex. Yet the question the planners faced in 1947 is no less pressing today: How should the West respond?

Secretary of State George Shultz presided over a private dinner for the group and eloquently described what he believes to be one of the principal dilemmas of current U.S. diplomacy: how to restore a public consensus on foreign policy goals when the nation is divided over the fundamental issues involved.

expansionist aims in his astute cables as a foreign service officer in wartime Moscow. Kennan, then 43, was ordered to put together a staff that could formulate "long-term programs for the achievement of U.S. foreign policy," Marshall's only advice. "Avoid trivia." Working with a staff of six out of an office adjoining the Secretary's, Kennan forged the intellectual framework for the most successful American foreign policy program in the postwar era: the Marshall Plan for European economic recovery. Having coined the term containment to describe U.S. policy toward the Soviet Union, Kennan was able to give it a positive rather than militaristic component through what Dean Acheson later described as "one of the greatest and most honorable adventures in history." By the end of 1952, the U.S. had spent more than \$13 billion on the Marshall Plan and launched Western Europe on its path to vitality.

The 12 men who followed Kennan as director of policy planning—six prior staff and planning in the curious jargon of the

Rostow says flatly his policy-planning days were the "nicest job a man ever had," a judgment that seems to be shared by every other director of the office. Yet, as the White House bureaucracy extended its reach during succeeding presidencies, policy planning did not always have the same influence. It flourished under Henry Kissinger, who gave Lord and his entire staff of more than 20 the department's Distinguished Honor Award.

Solomon, today's director, has ideal qualifications: A China scholar, he joined Kissinger's staff in 1971 and later headed the political-science department at the Rand Corp. Each morning he meets with Shultz for 45 minutes to discuss long-range policies, and he goes along on major diplomatic missions. Most important of all, he says, he has time to think. Given the daily evidence of the dangers of ill-conceived initiatives concealed in secret, this legacy of a more thoughtful era is something to contemplate.

Washington

By David Aikman

Meanwhile, the judge died.

If you're planning to sue someone, you might be smart to hire a young lawyer. Your case may drag on for years.

In Illinois and Rhode Island, for instance, average jury cases take more than four years to resolve, but that's hardly unusual. In Los Angeles, between the day you file the papers and the day the jury trial begins, you can expect 54 months to pass.

This is absurd. A man could be injured under President Ford, sue under President Carter, and collect under President Reagan! There's a real injustice here. For anyone who's in serious pain, or suffering serious financial hardship, justice delayed four or five years isn't justice anymore.

But if it's exasperating for a plaintiff to wait that long to find out if a jury thinks he's right, imagine the frustration of a defendant who may be sued for a product his company made 40 or 50 or 60 years ago! Yet this happens, again and again. In many states, the makers of machinery manufactured long in the past can be held liable for their products' performance according to today's safety standards. And this can be true even if the machinery has been misused, abused or altered, and even if the person injured was clearly negligent.

There are straightforward reforms that would protect both plaintiffs and defendants from such long-delayed injustices. Certainly we should penalize those who clog up our court calendars with frivolous or harassing suits. And certainly, we should insist that

those sued for the performance of their product be judged by the standards that existed at the time it was made and sold.

It's time we listened to public opinion. When a majority of Americans agree that a manufacturer should not be liable by today's standards when his product was made years ago, we are ready for change.

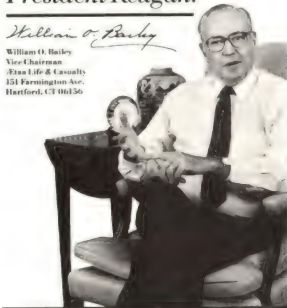
And manufacturers—if they are to market useful products that the public needs and wants—are desperately in need of that change.

I welcome your ideas on how we can work together to restore fairness and balance to this system. And I would be pleased to send you information on efforts that already are under way.

***"A man could be injured
under President Ford,
sue under President Carter,
and collect under
President Reagan!"***

William O. Bailey

William O. Bailey
Vice Chairman
First Life & Casualty
151 Farmington Ave.
Hartford, CT 06156





Golden Anniversary

In the radiance of the setting sun or the swirling fog around San Francisco Bay, the Golden Gate Bridge takes on an unearthly quality belying its 389,000 cu. yds. of concrete, 83,000 tons of structural steel and 80,000 miles of wire, much of it suspension cables a yard thick. From the Marin County headlands to the deck of a sailboat on the bay, the grand old span and its 746-ft. towers appear to be something they are not: floating, delicate, an awesome and ghostly setting appropriate for a James Bond thriller.

Next week the Bay Area celebrates the Golden Gate's 50th anniversary as one of the engineering marvels of the world. Just after dawn Sunday, thousands of pedestrians will stroll across its 4,200-ft. span, repeating a similar parade that took place at the bridge's inauguration in 1937, when 200,000 celebrators paid a nickel apiece for the privilege of walking across the bridge on its first day. Those opening ceremonies, which included a flyover by 450 planes from three aircraft carriers, ended up \$70,000 in the red. In these more extravagant times, expenditures for the golden anniversary festivities exceed that, but confused organizers say they do not know by how much. Although scaled down from original plans to rival last year's Statue of Liberty centennial in New York harbor, the bridge's birthday will include a 50-gun salute, a flyover and fireworks, as well as the usual well-meaning but oddball gesture: the Sausalito Chamber of Commerce has built a bridge replica from empty cans of Spam, which is also marking its 50th anniversary.

But nothing could embarrass this most majestic of bridges, built in treacherous waters at a cost of only eleven lives. More would have been killed had not Joseph B. Strauss, the engineer who conceived and built the bridge, insisted that nets be strung under the workmen: the nets saved 19. Strauss said it best at the dedication, in an age when wonders were built to stay wondrous: "This bridge needs neither praise, eulogy nor encomium. It speaks for itself."



American Notes



Failed hero: Jackson on the court



Hall at home with a photo of her husband and his violin



The Soviet Proton rocket

HOUSTON

One Man's Misfortune . . .

With Houston's oil-based economy mired in depression, foreclosures on residential properties have been running at more than 2,000 a month. Now some of those abandoned eyesores are being put to good use—as public housing.

The local housing authority has purchased 121 foreclosed houses for an average of \$37,000 apiece, and is renting them to low-income tenants for as little as \$231 a month. Skeptics have been won over by its tight standards: renters must take an 18-hour handyman's training course so they can keep up the houses.

DRUGS

The Death of Another Star

As a standout guard for the University of Texas at El Paso, Hornell ("Jeep") Jackson, 23, was a local hero in a basketball-crazy city. His stunning leaps and savvy playmaking had helped his team win four Western Athletic Conference titles. Drafted this spring, he was headed for the U.S. Basketball League's Philadelphia Aces. Then early this month, during a benefit game, he collapsed and died.

As in the case of Universi-

ty of Maryland Basketball Star Len Bias, who died in similar circumstances last year, no one suspected that Jackson had been using drugs. "Jeep had this responsibility and maturity that was just too strong to be overcome by the temptation to use drugs," said a friend. However, police called cocaine a "contributing factor" in Jackson's death. Jackson was well aware of cocaine's dangers; an FBI agent had lectured his team, and El Paso Coach Don Haskins had ordered three surprise drug tests, including one less than two months before Jackson's death. Jeep had passed.

THE MILITARY

Mixing Sex And Secrets

While the nation has been preoccupied with the sex lives of presidential candidates, the Pentagon has been fretting about the sexual practices of the 2.7 million people with Defense Department security clearances. In January the Pentagon expanded its rules to compel service personnel, civilian workers and contract employees with clearances to divulge whether they have engaged in such sexual acts as adultery, sodomy and incest. The rules are intended to ensure that those with access to secrets are not vulnerable to blackmail.

Some critics object that

most security problems occur not through sexual blackmail but bribery. Others protest that the new rules may violate civil liberties. Homosexuals will be eligible to get or retain clearances, says a Pentagon spokesman, if there is no threat of blackmail or vulnerability to coercion.

SPACE

Happy to Help Out

The Soviet salesmen touring the U.S. last week certainly made an aggressive capitalistic pitch: since NASA is out of the business of launching commercial satellites, the Soviet Union would happily fill the void—for a reasonable price. The delegation from the civilian space agency Glavkosmos visited Washington and Houston, offering to loft U.S. satellites for about half the price of a ride on the European Ariane rocket. To assuage U.S. fears that technological secrets would be compromised, the Soviets even offered to accept the satellites in sealed packages.

The response from American companies was short of *nyet*, but it was a decided not yet. Not only does federal law prohibit the transfer to the U.S.S.R. of the high-tech electronics used in spacecraft, but no one seems willing to accept Soviet assurances. Apollo Astronaut Walter Cunningham spoke to the Soviet group and

later dismissed the proposal. Said he: "We'd be naive to think they're not going to peek under the covers to look at our hardware."

MYSTERIES

The Violinist's Last Case

For half a century, Julian Altman played his violin at society functions in New York City and Washington. A consummate con man, Altman treated his violin the way he treated people with little respect. Difficult as he was in life, however, Altman did not want to die without sharing his greatest secret. Before succumbing to cancer in 1985, Altman, 69, told his wife, "Look between the violin case and the cover, and you'll find some interesting papers," she recalls. There she found newspaper clippings reporting the theft of a Stradivarius violin made in 1713 from a Polish virtuoso in New York City in 1936. Altman's violin, it turned out, was the missing Stradivarius.

Altman told his wife he had purchased the violin for \$100 from a "friend." These days a Stradivarius can command as much as \$1 million. Altman's widow will have to settle for an undisclosed reward from the instrument's rightful owner, Lloyd's of London, which 51 years ago paid the violin's last owner \$30,000 for the loss.

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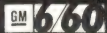
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BUICK



The tough police crackdown: at Seoul's Korea University, riot squads wearing helmets and gas masks stormed onto the campus to quell the outbreak of

World

SOUTH KOREA

A Volcano of Unrest

Students take to the ramparts in rising antigovernment protests

Rocks and other missiles flew through the air like shrapnel as some 1,500 students rioted on the fourth day of antigovernment protests at Kwangju's Chonnam University. Riot police with orders to disperse the demonstrators charged into the crowd, flailing nightsticks. As the running battle continued, one group of students overpowered a police officer and bound him hand and foot, beating him relentlessly in the process. The captured officer would be held hostage, the students announced, until five of their comrades arrested the day before were released. The police responded brutally and effectively. They stormed buildings across the campus, firing tear-gas canisters into occupied classrooms and the university library, until the hostage, seriously injured, was freed.

The two spectacles of students seizing police officers as prisoners, and of police barging into university classrooms, eloquently summed up the volcano of unrest that erupted last week throughout

South Korea. Day after day thousands of university students gathered on campuses across the country to demand democratic political reforms from the government of President Chun Doo Hwan. They staged marches, hurled fire bombs, seized buildings, chanted antigovernment slogans and burned effigies of Chun. To prevent the campus rioting from spilling into the surrounding streets and possibly igniting more disorder, police used armored cars and tear gas, and charged with clubs in wave after wave. By Friday the violent protests had spread to 34 universities, and at least 10,000 students had joined the fray. Dozens of injuries were reported, but, miraculously, no deaths.

At Yonsei University in Seoul, the country's capital and largest city, a column of more than 2,000 students waved red, white and green flags painted with revolutionary slogans as they sang *We Shall Overcome* in Korean. A ceremony marking the university's 102nd anniversary exploded into a riot as some 1,000

students vented their rage over a police raid earlier in the day that resulted in the arrest of 36 hunger strikers. At the municipal stadium a victory march by 3,500 students from Kyung Hee University to celebrate their baseball team's championship turned into a political protest.

Nor were students the only South Koreans involved in what amounts to a deepening confrontation with Chun's rule. A congregation of about 1,200, including 800 Protestant and Roman Catholic clergymen, took part in an overnight prayer vigil for political reform at the Ahynun Methodist Church in downtown Seoul. About 40 participants had their heads shaved by amateur barbers as a sign of their determination to carry on the protest campaign. An estimated 750 riot police surrounded the church to prevent additional people from entering. Eventually, the police broke up the meeting with force, injuring 27 participants.

Still other groups used written protests to register their dissatisfaction. One



fire-brandishing demonstrators. The crowd later burned President Chun Doo Hwan in effigy

campaign criticizing the lack of political reform collected the signatures of 1,381 professors and instructors at 43 universities and colleges, or more than 10% of the country's total higher education faculty. Another lined up the support of 233 performing artists and 379 writers.

Much of the turmoil, especially among the students, was a prelude to the anniversary this week of a 1980 uprising in Kwangju. Seven years ago, after martial law was suddenly imposed throughout South Korea, rioters in the southwestern city of 700,000 took to the streets, overran ill-prepared police and seized virtually all public buildings. In response, the government mobilized a division of front-line army troops and ordered a military attack against the rebelling civilians. The result was a bloodbath that left nearly 200 people dead. Ever since, the Kwangju massacre has been associated with a group of hard-line generals, including Chun, who took national power a few months later.

Strong as the memory of Kwangju remains in South Korean political life, however, the immediate cause of this year's extraordinary turmoil was a much more recent event. On April 13 Chun abruptly announced the end of a one-year-old national debate over electoral reform by declaring that no changes in the current system of choosing a chief executive would be contemplated until after the 1988 Summer Olympic Games, which are to be held in Seoul. To continue arguing about the matter while South Korea stands in the spotlight of world attention, said Chun, would "deepen our internal schisms and dissipate national resources."

Suppressing the debate, however, would have consequences stretching well

beyond the Games. Chun's seven-year term of office ends next February, and he has repeatedly said he will step down at that time. But under South Korea's present voting machinery, his successor would be chosen by a large electoral college, a system that favors the ruling Democratic Justice Party, which is dominated by the military. Without a change in the system before the next election, the opposition would have no hope of reaching power.

Chun's critics, who for years have called for the direct election of the President, were outraged. Kim Young Sam, one of two leaders of the principal minority party, pointed out that Chun won the presidency in 1981 with 92% of the vote in an election boycotted by the opposition. Demanded Kim "How much difference is there between that election and those of [Communist] North Korea, whose leader usually receives 98% to 99% of the votes?" In an interview with *TIME*, Kim declared, "We will certainly boycott the next presidential election if it is held under the old system."

Chun apparently chose to act in April at least in part because the opposition was in disarray. Unwilling to compromise on the issue of direct presidential elections, Kim Young Sam and his primary opposition partner, Kim Dae Jung, broke with the New Korea Democratic Party and formed a new group, the Reunification Democratic Party. Most anti-government legislators decided to follow suit, quickly

making the R.D.P. the primary opposition party, with 67 seats in the 276-member National Assembly. But the regrouping nonetheless served to splinter Chun's critics further.

The government has tried to still its critics by harassing the opposition. Kim Dae Jung has been under house arrest for the past five weeks, his home surrounded night and day by dozens of policemen. At least a dozen R.D.P. assemblymen are also under indictment or investigation, many on charges for thinly disguised political reasons. The new party has not even found a landlord willing to rent it space for a headquarters, forcing Kim Young Sam to joke that he "may have to pitch an extra-large tent on the bank of the Han River" for offices.

For the U.S., which maintains a force of 40,000 troops in South Korea and regards Seoul as a strategically important ally, Chun's latest retreat from democratic reform presents a dilemma. Some Washington officials claim that the U.S. is unwilling to punish South Korea's political abuses because any action might weaken the country militarily or economically. Yet other observers of U.S. foreign policy are seriously wondering whether Washington's failure to take tougher stands against South Korea's government might itself be contributing to the country's underlying problem. Says Democratic Congressman Stephen Solarz, chairman of the Asian and Pacific Affairs Subcommittee: "The people of South Korea should know that we Americans don't countenance the continued denial of democracy."

This week Congressman Thomas Foglietta, who was beaten up by police when he accompanied Kim Dae Jung to Seoul on his return from exile in the U.S. two years ago, will introduce a bill calling for economic sanctions against South Korea unless it demonstrates progress in moving toward democracy. Foglietta, a Democrat, was forced to strip out some of the toughest measures, including the denial of commercial landing rights for South Korean airlines, when it became clear that the bill as it read stood virtually no chance of passage. But the amended bill would still commit the U.S. to voting against development loans to South Korea by the World Bank and some other international credit agencies.

Last week's spasm of police head knocking and teargassing made it clear that Chun is determined to make good on past threats to crush the opposition. But the violence also proved that South Korea's debate over democratic reform cannot be stifled by the wishes of a single autocrat, quite possibly it cannot be stifled at all.

—By William R. Doerner,
Reported by Ricardo Chavira/
Washington and K.C. Hwang/
Seoul



Close cut: sign of opposition

World

THE PHILIPPINES

Giant Step for Democracy

Aquino's candidates score a landslide in congressional elections

President Corazon Aquino's smile was as bright as the sunshine outside when she entered the wood-paneled Cabinet room in Manila's Malacañang Palace. "Had I known this kind of victory was going to be achieved," she jokingly told her ministers. "I would have asked all of you to run." Responding with laughter and applause, the Cabinet congratulated Aquino on what appeared to be an overwhelming victory by her candidates last week in nationwide voting for 24 seats in the Senate and 200 in the House of Representatives.

Although final results were not expected for two weeks, initial projections indicated that Aquino's slate had captured as many as 23 Senate seats and a substantial majority in the House. Only one opposition candidate, Movie Actor Joseph Estrada, 48, seemed assured of a Senate seat. Former Defense Minister Juan Ponce Enrile, 63, the leader of the opposition Grand Alliance for Democracy (G.A.D.), fell just shy of the mark in the early counting, but could win a Senate seat once the official tally is completed. The radically left Partido ng Bayan (People's Party), formed only last year, entered elective politics for the first time and apparently won no seats.

It was the first truly democratic legislative election in the Philippines since Marcos abolished the old Congress in 1972, later to replace it with the unicameral National Assembly, his rubber-stamp parliament. The new Congress, which convenes in July, will take over the legislative powers that Aquino has been exercising by decree since Marcos' ouster in February 1986. Last week's election was the final step in restoring a system of checks and balances under the terms of a new constitution that was approved in a national referendum last February.

While the results reflected Aquino's immense personal popularity, they also carried the seeds of potential trouble. As a new power center, the Congress may prove difficult to control—especially by a President who has been reluctant to use executive power. Moreover, the President's slate included an ideologically diverse assortment of candidates unified by little more than her endorsement, and that diversity leads many observers to expect the group to fragment once Congress meets. The lack of

a politically coherent majority and the absence of an institutionalized parliamentary opposition could pose threats to long-term stability.

Opposition candidates began to denounce the elections as a fraud as soon as the first projections were announced. Accusing the government of widespread cheating, Enrile called the vote a "failure" and warned that it would lead to "instability of unimaginable magnitude." At a midweek rally, while his supporters

the vote. Nonetheless, Comelec pronounced the balloting the cleanest and most orderly since the Philippines received its independence from the U.S. in 1946, an assessment generally shared by foreign observers. Despite the oppressive heat that gripped much of the country on election day, people began lining up at the 104,544 precincts well before the opening hour of 7 a.m. By the time the polls closed at 4 p.m., a record-breaking 90% of the 26.4 million registered voters had cast their ballots.

The voting was not entirely free of violence. Since the campaign began last March, 72 people have been killed in election-related incidents, including 34 on polling day itself. Still, that is a

marked improvement over the 158 killings reported during the 1986 presidential campaign, which precipitated Marcos' ouster. This year's death toll might have been higher if police had not disarmed an incendiary device in a toilet of the Comelec building last week. Police said the bomb, thought to have been planted by G.A.D. supporters, could have destroyed the three-story structure.

Although the election victory was a sizable step in consolidating Aquino's power, serious obstacles remain. Beyond the chronic problems of poverty, unemployment and a sputtering economy, doubts linger about the loyalty of the military; a majority of the country's soldiers apparently voted for the opposition. Defense Minister Rafael Ileta discounted the importance of this, but did not rule out the possibility that some disgruntled soldiers might be persuaded to take part in yet another plot against the President. The military's dis-

pleasure centers on the charge that Aquino has been too soft on the 18-year-old Communist insurgency, which has intensified since the collapse of a cease-fire agreement last February. The day after the election, ten policemen were killed in an ambush by the Communist New People's Army in Surigao del Sur province on Mindanao. At week's end 38 people were killed in scattered guerrilla attacks around the country, bringing the number of insurgency-related deaths this year to more than 1,000. Said a top-ranking general: "The soldiers are not free to move or do what they think ought to be done in terms of licking the insurgency, simply because the Commander in Chief has yet to act like one." Caught between such critics on the right and guerrillas on the left, Aquino faces a perilous road ahead.

—By Thomas A. Sancton, Reported by Nelly Sindayen and William Stewart/Manila

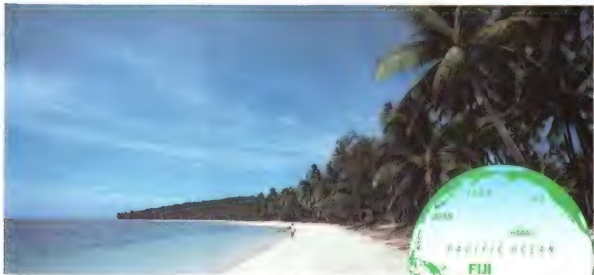


Flashing her party's symbol, the President, center, campaigns in Manila

The vote reflected Cory's popularity, but carried the seeds of trouble.

shouted "Down with Aquino!" Enrile branded the election the "dirtiest in the nation's history." Next day, at a rally of 20,000 protesters in suburban Quezon City, Enrile declared, "Let us not stop until the cheaters have been punished." Enrile, whom Aquino dismissed as Defense Minister last November after his alleged involvement in a coup plot, vowed not to take his Senate seat if the official count declared him a winner.

Ramon Felipe, chairman of the Commission on Elections (Comelec), quickly dismissed Enrile's complaints. "There was no failure of elections," said Felipe, "but I think some losers would like to have a failure of elections." There were isolated incidents of vote buying and intimidation on both sides, and some of Aquino's relatives, either running on her slate or working for it, allegedly sought to use their family connections to influence



Islands in a political storm: a country once stirred only by the ebb and flow of the tides

1131

The Big Chill Settles over Paradise

A bloodless coup reveals ethnic tensions in a tropical land

As the clocks on Suva's gray stone government buildings struck 10 a.m., the eleven men moved silently into Parliament. One wore a smart lightweight jacket over a striped shirt and tie and a sulu skirt wrapped around his waist, appropriate attire for the steamy tropical capital of Fiji. The others, however, wore army fatigues and carried machine guns. Inside the chamber 51 members of the Fiji Parliament sat listening as a colleague expounded on the history of the islands. "Peace and harmony is the governing principle on which the Fijians have been running their lives," said Taniela Veitata. "This is in contrast to what Mao Tse-tung believed—that political power comes out of the barrel of a gun."

At just that moment the armed men made their entrance and quickly circled the room. Their leader, the man in the sulu, walked quickly across the floor to the speaker's dais. "This is a military takeover," announced Lieut. Colonel Sitiveni Rabuka. "Stay down and remain calm." In minutes Rabuka and his men rounded up the recently installed Prime Minister, Dr. Timoci Bavadra, and the 27 members of his ruling coalition. After placing the politicians in military detention, Rabuka declared that he was in command of the country.

The bloodless coup d'état and kidnapping last week stunned a country that, from its first sighting by European explorers in 1643, seemed to be stirred only by the tide washing over coral reefs into palm-fringed lagoons. It was the first military takeover ever in the South Pacific. Fiji's democratic neighbors, including Australia and New Zealand, unanimously condemned Rabuka's actions. Even more

disturbing was the coup's racist factor. Rabuka and his colleagues were expressing the resentment of ethnic Fijians against the recent political inroads of ethnic Indians. Bavadra's government, elected just last month, was the first with a majority of Indian politicians.

In this century Fijians of Indian descent, whose ancestors were brought in by the British colonial government to work sugar plantations, have come to dominate the country's economy. Ethnic Indians make up 49% of the population and are the largest group on the islands, much to the chagrin of the indigenous Fijians, who make up 47% of the island nation's 715,000 people. Since Fiji gained independence from Britain in 1970, racial tensions had been held in check by the government of Prime Minister Ratu Sir Kamisese Mara. But in April—with the support of Indians and both poorer and educated young Fijians attracted by his left-leaning coalition's pro-labor platform—Bavadra, an ethnic Fijian, and his Indian-dominated party came to power.

Barely two weeks after the election, 6,000 people marched through the streets of Suva to protest that only seven of the ruling coalition's 28 M.P.s were indigenous Fijians. The demonstrators declared they had no confidence in the new government and demanded changes in the constitution to guarantee Fijian rule. In the weeks that followed, Bavadra's opponents announced plans for a campaign of civil disobedience. Government buildings were damaged in a series of gasoline-bomb attacks.

Insurrectionist Rabuka who denied last week that he was motivated by per-

sonal ambition, quickly showed his ethnic sympathies. The 15 men he appointed to a Council of Ministers included a large majority of native Fijians and are expected to follow policies favoring Fijians. Mara is Rabuka's new Foreign Minister, and will drop Bavadra's non-aligned stance in favor of a pro-Western foreign policy. Rabuka is highly popular and faces little dissent from within the army, whose troops are 95% ethnic Fijian.

Rabuka's takeover was slowly, if incredulously accepted by Fijians, though some banks reported queues of people withdrawing money. Elsewhere the outcry against the coup was loud and clear. Prime Minister David Lange of New Zealand and Prime Minister Bob Hawke of Australia conferred by phone, then condemned the coup. Hawke called the events a "tragedy," and said he hoped that "parliamentary democracy can be restored." Both men were expected to exert diplomatic pressure on the regime. However, each ruled out military intervention. Washington, too, expressed concern at the overthrow of Bavadra.

At week's end when Indian shopkeepers and workers went on strike to protest the coup, Rabuka abolished trade unions. He simply ignored the Governor General, Ratu Sir Penaia Ganilau, the representative of Queen Elizabeth as Fiji's head of state who declared a state of emergency to meet an "unprecedented situation which must not be allowed to continue."

The new regime lost no time cracking down on other forms of dissent. The day after the coup the *Fiji Sun* said in an editorial, "Democracy died in Fiji yesterday." That night Rabuka shut down all newspapers. In tropical Suva, the big chill had set in.

By Howard G. Chua-Eoan.

Reported by John Dunn/Suva



Rebel Leader Rabuka



Peres meets the press after Cabinet meeting in Jerusalem; peace activists demonstrate, below

MIDDLE EAST

So Much for National Unity

A peace initiative threatens to bring down the Israeli coalition

For 32 months it has been billed as a national unity coalition, but the two wings of the Jerusalem government last week displayed little evidence of anything approaching harmony. "Perverse and criminal!" cried Prime Minister Yitzhak Shamir at Foreign Minister Shimon Peres' proposal to convene an international peace conference in the region. Peres, the leader of the Labor Party, retaliated by accusing his coalition partner of "character assassination."

Twice last week the ten-member Israeli inner Cabinet met to debate the issue, and twice the sessions ended in stalemate. Peres threatened to break up the coalition and call new elections if the inner Cabinet failed to support him on the peace proposal. But by midweek he lacked a handful of the 61 votes in the 120-member Knesset needed to bring about early elections. With Labor short of sufficient support, party officials feared that Likud, with the help of some small religious parties, would then be able to hang on until November 1988. Before leaving for the U.S. to consult with Secretary of State George Shultz, Peres was forced to announce that for the moment Labor would remain in the troubled government. But the dispute continued on another front: The Foreign Ministry refused to transmit to its embassies a Shamir message saying that the peace plan was dead.

Peres' proposal, which has been endorsed by Jordan's King Hussein and the Reagan Administration, has been at least two years in the making. It calls for an international conference whose partici-

pants would include the five permanent members of the United Nations Security Council (the U.S., the Soviet Union, Britain, France and China) as well as Israel, Jordan, Egypt, Syria and Lebanon. After a formal opening, the conference would break up into small, bilateral meetings, with Israeli representatives meeting separately with Syrian, Jordanian and joint Jordanian-Palestinian delegations. The plan would limit the role of the Soviet Union and would probably rule out the participation of the Palestine Liberation Organization unless the P.L.O. agreed at long last to renounce violence and recognize Israel's right to exist.

So far, the crucial question of exchanging occupied lands for peace lies well in the future. But Peres, who has long believed that Israel should be prepared to trade some of the West Bank and Gaza Strip for a settlement, thinks the time is ripe to enter into negotiations. He also knows that Labor now enjoys a strong lead over Likud in public opinion polls. Shamir, for his part, is determined to hang on to every square inch of the



territories Israel has occupied since 1967, even though their 1.46 million residents are 96% Palestinian. He refuses to consider negotiations with the Soviets or indirect dealings with the P.L.O. or Arab governments. And he is infuriated that Peres may be trying to exploit the issue in order to force him out of office before his term expires next year. Since Peres and Shamir seem equally angry and determined, prospects for compromise are not bright.

DIPLOMACY

Zeroing In On Moscow

Cool welcome for Chirac

He had promised to make tough points and ask even tougher questions. For their part, his Soviet hosts had made it clear that they held him accountable for "frictions" in Franco-Soviet relations. Thus it came as no surprise last week that French Premier Jacques Chirac's visit to Moscow got off to a sharply contentious start.

At a Kremlin banquet, Chirac congratulated his host, Premier Nikolai Ryzhkov, and an unexpected guest, General Secretary Mikhail Gorbachev, on their new policies toward political prisoners and Soviet Jews; but added, "You cannot ignore that from our point of view there is a long way to go." Like British Prime Minister Margaret Thatcher during her visit to Moscow six weeks earlier, Chirac applauded U.S.-Soviet arms-control negotiations but then defended nuclear deterrence as Europe's peacekeeper over the past 40 years. Ryzhkov replied with a detailed discussion of Soviet arms-reduction aims and complained about France's nuclear policy. "Unfortunately," he declared, "at present we do not see France among those who intervene against nuclear deterrence or those who wish to halt the roulette of military peril in Europe."

The tone, courteous but tough, characterized most of the exchanges during Chirac's three days in Moscow. To some extent the Soviets appeared determined to play down the visit, largely because of France's expulsion last month of six Soviet officials on charges of spying on the Ariane rocket program. The Soviets retaliated in kind. Nonetheless, Chirac had an unscheduled encounter with Physicist Andrei Sakharov and a long meeting with Gorbachev that left the Premier enthusiastic about the General Secretary's reforms. On arms-control issues, however, Chirac retained his skepticism about Moscow's double-zero proposal to eliminate medium- and shorter-range nuclear weapons in Europe.

Out of pique against one of their harshest West European critics, the Soviets were careful not to celebrate Chirac's arrival with anything like the warmth that had greeted Thatcher. The next day, *Pravda's* front page carried a picture of Gorbachev with a Soviet artist, while the story of Chirac's arrival was consigned to the bottom of the page—without a picture.

Chirac was one of the beneficiaries of *glasnost* on his second day in Moscow. At a reception at the Soviet Academy of Sciences, he met Sakharov, the academy's most celebrated—and recently rehabilitated—member. The scientist told Chirac that the changes in the Soviet Union could "contribute to stability in the world." Sakharov was less optimistic on human rights in the Soviet Union; it was

World



Beneath the cordiality, toughness and friction

"very unsatisfactory," he said, that the release of "prisoners of conscience" had been "interrupted." In an earlier aside to French reporters, Sakharov addressed arms control. "Every time there is a chance for a possible step in arms reduction, we should take it. We must not wait for something global."

Chirac went on to a 4½-hour exchange with Gorbachev. Afterward the French Premier praised the Soviet leader's plans for reforms. "What he has in mind is not just profound but rapid," said Chirac. "If it succeeds, and I hope it does, this experience of reform will change the world by the end of the century."

Yet there were moments during the meeting when the two leaders found themselves in what one observer called "cordial disaccord" and another acknowledged as "sharp exchanges." Said Chirac: "Our contact was rapid, alive with interruptions and immediate reactions. I found that style extremely pleasurable." The subject of arms control took up more than half of the meeting. Gorbachev repeatedly expressed his disappointment regarding France's assessment of Moscow's nuclear disarmament proposals. Chirac reiterated his government's acceptance of the zero option, which would remove medium-range missiles from Europe, but reserved judgment about Moscow's double-zero proposal, which would eliminate both medium- and shorter-range missiles, pending further consultation with Paris' West European partners.

NATO's defense ministers, who met last week in Stavanger, Norway, did not resolve that question, though they agreed to back a ban on medium-range weapons in Europe and urged the superpowers to scrap plans to hold 100 of these warheads in reserve outside Europe. Although Britain last week came out in favor of eliminating shorter-range weapons as well as the West Germans, like Chirac, are still questioning the wisdom of such a move.

By Jill Smolowe,

Reported by Jordan Bonfante with Chirac

FRANCE

Barbie's Mockery of Justice

In a stunning move, the "Butcher of Lyons" bows out of his trial

By any measure, it was an extraordinary moment. Accused War Criminal Klaus Barbie, known as the "Butcher of Lyons," was calmly answering as presiding Judge André Cerdini probed his career with the Nazi SS, his work for U.S. Army Intelligence after the war, his flight to South America in 1951 and, finally, his 1983 expulsion from Bolivia to stand trial in France. Unexpectedly, Barbie asked Cerdini for permission to read a statement. "I am being held here illegally," said the defendant without emotion, referring to his oft-repeated contention that he was unlawfully expelled from Bolivia. "I am the victim of a kidnapping... I'm not a prisoner, but a hostage." Then he stunned onlookers by refusing to submit further to the judicial proceedings. Said Barbie: "I have no intention of appearing again before this court. I ask you to return me to St. Joseph Prison."

Cries and shouts erupted in the courtroom. The judge called for order, but spectators and lawyers for the civil plaintiffs loudly protested the move by Barbie, who is accused of committing atrocities against French Jews and Resistance fighters while he was head of the Gestapo in Lyons between 1942 and 1944. "You should remain and look into the eyes of the people you tortured!" cried a victim from the gallery. "But you refuse. You are a coward." Shouted a lawyer representing some plaintiffs: "Klaus Barbie is making a

mockery of justice!" Said another: "I represent 6 million victims who cannot represent themselves."

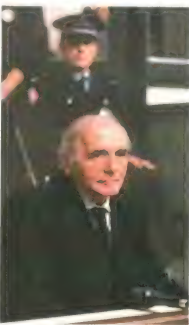
Frail-looking but alert, Barbie, 73, was led out of the bulletproof, glass-screened dock at Lyons' Palace of Justice. As rooftop sharpshooters stood at the ready, he was driven in a heavily guarded motorcade back to his quarters at St. Joseph Prison, a short distance from the site of his former Gestapo offices. In recent days Barbie had reportedly been weighing whether to exert his right under French law to stay away from the trial, which he denigrated as a "lynching campaign led by the French media." The tactic is not unprecedented. Last February, Lebanese Terrorist Georges Ibrahim Abdallah, accused of complicity in two assassinations in Paris, caused a commotion by walking out of his trial. In Barbie's case the judge ruled that the defendant need not return but reserved the right to order him to do so later.

Before his surprise exit on the third day of the trial, Barbie spent most of his time in court listening without expression to a recitation of his alleged crimes. His flamboyant lawyer, Jacques Vergès, heatedly argued that his client was a victim of double jeopardy because in 1952 and 1954 he had already been convicted in absentia of war crimes and sentenced to death. Judge Cerdini will rule later on the claim. Barbie, now charged with "crimes against humanity," including the deportation of 44 Jewish children from a village near Lyons to Auschwitz, told the court his prosecution was "like a revival of the Nuremberg trial. I had the impression that I ran around Lyons with a rifle in my hand and chased Jews."

The unrepentant former Nazi was later asked to explain his philosophy but declined, saying, "I cannot explain in two words what National Socialism was." He denied harboring any hatred for groups the Nazis identified as "inferior races." Declared Barbie: "I have no hatred for these minorities... I did my work under the direction of my superiors."

His departure drained away the atmosphere of high drama generated by the trial. The gallery, including nearly 800 reporters from 27 countries, had been eagerly awaiting the spectacle of the Gestapo captain confronting his victims. Moreover, Vergès had promised to put France itself on trial by encouraging Barbie to name Frenchmen who collaborated with the Nazis. The victims will still have their chance to testify, but with Barbie gone, the trial amounts to little more than a "debate among lawyers," as one bitter observer put it.

By Michael S. Serrill, Reported by William Dowell and Adam Zagorin/Lyons



Defiance: the accused Nazi in court

"I have no intention of appearing again."



Preparing for martyrdom: Khomeini's forces dig in to defend captured enemy territory at Basra on the southern battlefield

IRAN

Seeking Eternal Bliss in Battle

Despite heavy casualties, support for the Iraqi war remains high

The 6½-year Iran-Iraq war has turned into one of the bloodiest conflicts of the 20th century. Some 40,000 soldiers have been killed around the southern Iraqi city of Basra just since January. The entire death toll for the war is estimated at more than 1 million. Last week a United Nations inspection team accused Iraq of using chemical weapons against Iranian troops and civilians. Meanwhile, with the help of local Kurdish tribesmen, Iran's forces have established a new offensive in the northern part of Iraq, where the Iranians claim to have captured 185 sq. mi. of territory. TIME Correspondent Sam Allis filed this report after visiting both Tehran and the new battle area.

The Iraqi helicopter floats in the valley below Mount Hazar Kanian, suspended in the morning light. Then it is gone, and a plume of rich, black smoke rises from the trees below. Young Iranian soldiers smile and wave from open trucks snaking up Kurdistan's dusty mountain roads toward the Iraqi front. "Down with Israel!" they chant. "Down with Russia! Down with America!" Some are not old enough to shave, but no matter. They are *basij*, the volunteers to whom the Ayatullah Ruhollah Khomeini has promised eternal bliss should they fall in battle. They beam at the soft thud as an Iranian artillery shell is fired toward Iraqi forces in the village of Mawat, just over a nearby ridge. But then they ignore the incoming Iraqi fire that gouges the orchards surrounding them.

Many of these *basij* will end up at Beheshteh Zahra, the sprawling martyrs' cemetery south of Tehran, where red water symbolizing martyrs' blood

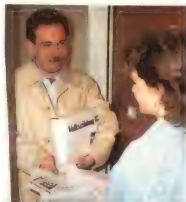
flows from a fountain. Every day bulldozers work at the cemetery, carving out new rectangular plots the size of Olympic swimming pools for those slain in battle. Gravediggers say they fill one with bodies in two weeks. The dead arrive so rapidly that pieces of cardboard, usually stapled with photographs of the fallen, mark burial sites until marble slabs can be put in place. Wives and mothers in chadors, the flowing black robes, move silently through the rows of grave markers, washing the dust away from one, squatting silently by another. Hundreds of Iranian flags flutter above in the breeze.

Despite the heavy casualties, most Iranians appear to embrace both the war and the changes the Ayatullah Khomeini has introduced since he overthrew the Shah in 1979. One small demonstration for a peace settlement took place in downtown Tehran in early April, but the conflict generally remains a popular, unifying force. On street corners people donate money and jewelry to the war effort, while children drop coins in plastic piggy-type banks shaped like hand grenades. Diplomats estimate that the country is spending as much as \$5 billion of its \$7 billion annual budget on the war against Iraq. Religion also unites the people. The regular Friday prayers in Tehran can draw as many as half a million faithful. There is no hint of war, however, in Tehran's northern district. This is where *hazaaris*, members of Iran's business class, and other people of influence reside, in walled villas along placid, tree-lined streets. Women wear the regulation chador during the day but then reappear in the evening in smart outfits from Paris to drink Scotch and reminisce about visits to Europe. "We have two personalities," ex-

plains one woman. But when the casual talk subsides, their businessmen-husbands complain about endless problems. Because hard currency is difficult to obtain, they have trouble buying raw materials abroad. The biggest war concern in Tehran is the uncertain role of the Soviet Union and the U.S. in the region. Iranians are confident they can defeat Iraq but worry about the two superpowers. Iran's worst nightmare is that the Soviet Union and the U.S. will combine to stave off any Iraqi defeat. Said one Western diplomat: "The two superpowers are telling Iran it can't win the war. Their presence here has become a sort of Iron Curtain." This spring the Iranian Foreign Minister flew to Moscow to plead for Soviet neutrality in the war, but he came back with no such accord. Last month the Kuwaitis chartered three freighters from the Soviets to carry and protect goods passing through the Persian Gulf on the way to Iraq. The Iranians believe the U.S. is giving clandestine aid to Iraq, although Washington denies any such moves.

When the talk in Tehran is not of the war, it is about Khomeini's successor. The Ayatullah now plays no visible role in public life. By most accounts, Ali Akbar Hashemi Rafsanjani, 52, the pragmatic Speaker of the Parliament, is the leading candidate to take over. At this point, it is unclear what impact his alleged role in the U.S.-Iran arms deal will have on the succession. "It's a time bomb ticking away," says one diplomat. While Iran's council of experts designated Ayatullah Hussein Ali Montazeri, 64, the senior cleric from Qum, as the formal successor, Khomeini has yet to approve the recommendation. Western diplomats say Rafsanjani has the political ability to outmaneuver Montazeri. Regardless of who the next Iranian leader will be, it is not expected that he will change Khomeini's policies or halt the war. One Iranian shrugged and recalled an old saying: "The first hundred years are the hardest." ■

World Notes



Bonn census: Invasion of privacy?



The Prime Minister: more problems in Punjab



Officers on trial: a thing of the past

WEST GERMANY

Counting Heads Or Sheep

Most people regard a census as a minor nuisance. But in West Germany a national census scheduled to be completed on May 25 has become a cause for protest. The pro-environment Green Party, which won 8.3% of the vote in this winter's parliamentary elections, is leading a census-boycott movement under the slogan **ONLY SHEEP ARE COUNTED**.

West Germany has not had a census in 17 years, and officials insist they need current data for deciding such matters as tax allocation and the delineation of election districts. The census poses 33 questions, on topics ranging from a person's religious affiliation to whether he has a toilet in his home. The Greens argue that the census is an invasion of privacy and that officials will misuse the statistics. The government has struck back by bursting into the Greens' offices and seizing anticensus brochures.

INDIA

Gandhi Draws The Line

Prime Minister Rajiv Gandhi decided last week that he was not going to take it anymore. Frustrated by the failure of the

state government in Punjab to check terrorism in the troubled region, Gandhi dismissed the state's chief minister and imposed direct rule by the central government in New Delhi. This is the second time in four years that the federal administration has removed an elected government in Punjab in order to combat Sikh extremists.

The Indian government has been struggling since 1983 to control Punjab's militant Sikhs, who have been waging a violent campaign for an independent homeland. After last year's breakdown of a fragile peace accord between the Sikhs and the government, terrorists stepped up their deadly campaign. Nearly 600 people were killed in 1986, and more than 300 have already been murdered this year.

But that is not the Prime Minister's only problem. Gandhi's party has suffered a string of local-election defeats. Gandhi is hoping the crackdown in Punjab will help his party retain power in next month's state-assembly elections in neighboring Haryana.

SOVIET UNION

Taking the Public Pulse

In the Soviet Union, people have usually kept their views to themselves. Last week it came as a surprise last week when the Soviet daily *Izvestia* published an interview based on two public-

opinion surveys. The polls were the latest example of Soviet Leader Mikhail Gorbachev's policy of *glasnost*, or openness.

Pollster Vilen Ivanov said he found that Soviet workers feel Gorbachev's economic reforms have so far meant more work, less growth and lower incomes. "The worker's job has not yet undergone any radical change in character, organization or pay," Ivanov told *Izvestia*. Still, when people were asked their overall view on Gorbachev's economic policies, 90% declared their full support, and only .6% expressed opposition.

MALTA

Turning Back To the West

Malta lies in the Mediterranean halfway between Western Europe and Libya, and its politics reflects its geography. Since Malta gained independence from Britain in 1964, elections have been decided between the pro-Western Nationalist Party and the Labor Party, which favors close ties to Libya and the East bloc. Now, after 16 years of Labor rule, Maltese voters have elected a Nationalist government.

Once a port of call for NATO warships, Malta under Labor increasingly turned to the Soviet Union, North Korea and Libya for economic and military aid. So close were security ties with Libyan Strong-

man Muammar Gaddafi that Maltese officials tried to warn Tripoli minutes before last year's U.S. air raid on Libya.

The new Prime Minister, Eddie Fenech Adami, has pledged to abide by the constitution's neutrality clause, but he says, "This country's place is in Western Europe."

ARGENTINA

Losers Come Out Winners

When renegade officers rebelled last month and demanded amnesty for those charged with violating human rights under the military regime in the 1970s, Argentine President Raul Alfonsín defiantly put down the uprising. But while Alfonsín may have won that battle, he apparently lost the war. Last week the President proposed a law to end prosecution of lower-ranking officers, on the ground that they were only carrying out orders. If it passes, as expected, the majority of the 400 officers on trial would be exonerated.

The President claimed that amnesty is necessary to avert a civil war, but human rights groups were incensed. Bristled Lawyer Marcelo Parrilli. "The bill guarantees the impunity of people who committed atrocious crimes." Alfonsín's action, though, recognizes the enduring power of the military and Argentina's tenuous grip on democracy.

Economy & Business

A Rough Road Ahead

Rising interest rates and inflation pose a serious threat to growth

The U.S. economy has been rolling along for nearly five years now, encountering few obstacles along the way. Unemployment has dramatically declined to a seven-year low, and a record number of Americans are working. Corporate profits are rising, stocks have been on a historic climb, and most economists are predicting solid if unspectacular growth ahead.

But if things are so good, then why is there so much nervousness in the air? Why is the dread word recession turning up in more and more conversations? The inescapable fact is that the economy is facing dangerous potholes ahead that could badly jolt the expansion or even bring it to a jarring halt. The dollar has plunged to disturbing lows, and interest rates have recently spiked upward. Inflation may be roaring back: last week the Government reported that in April wholesale prices skyrocketed at an annual rate of 8.9%, the worst monthly performance since October 1985. For the same period, industrial production fell by .4%, the steepest drop in more than a year. The bad news dealt a sharp blow to the seemingly irrepressible stock market. The Dow Jones industrial average dropped 52.97 points on Friday, the fourth largest one-day

decline in history, to close at 2272.52.

No wonder everyone from brokers on Wall Street to mortgage holders on Main Street shares an apprehension about where the economy is headed. Says Edward Yardeni, chief economist at Prudential-Bache: "The only thing we know for sure is that these are volatile times. We've never had such a wild mix of good news and bad news." Says Alan Weston, president of Los Angeles-based Weston Capital Management: "A lot of investors have become really unnerved by the climate out there."

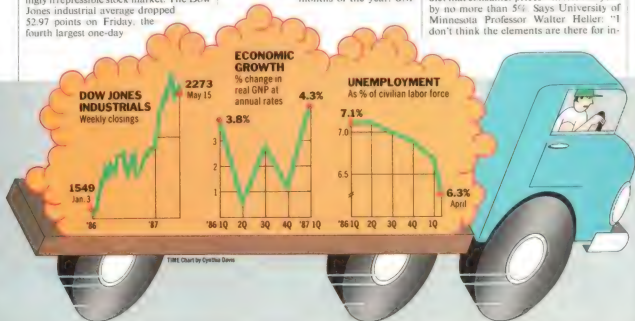
Though they remain in the minority, a growing number of economists believe the proliferating danger signals may herald a downturn. Says Pierre Rinfret, an economic adviser to President Nixon: "Continued decline of the dollar, coupled with fears of higher interest rates and inflation, will produce a recession before the end of the year." Henry Kaufman, Salomon Brothers' chief economist, suggests that there could be a recession by the end of 1988.

By the most comprehensive measure—the gross national product of goods and services—the U.S. expansion is still moving forward. For the first three months of the year, GNP

increased at an annual rate of 4.3%, the largest quarterly gain since 1984. While that surge partly reflected a rise in the production of unsold goods that will probably not be repeated in the second quarter, it was welcome news. The employment statistics provide further evidence of the economy's momentum. In April the jobless rate fell to 6.3% of the work force, down from 6.6% the previous month.

Moreover, most forecasters agree that the expansion still has a way to go. Says Alan Greenspan, a New York City-based economic consultant: "We are going to slug along." The consensus forecast of 51 economists and institutions surveyed in the *Blue Chip Economic Indicators* newsletter is that GNP will rise 2.5% this year and 3% in 1988. The Administration maintains its own optimistic forecast: 3.2% growth for this year, 3.7% for 1988.

The declining dollar, down in value by about 8% against major currencies so far this year, poses the greatest threat to such hopeful scenarios. The weakened greenback has contributed to an increase in inflation, since a falling dollar tends to drive up import prices. But most economists predict that consumer prices will rise this year by no more than 5%. Says University of Minnesota Professor Walter Heller: "I don't think the elements are there for in-



flation to feed on itself." Still, skittishness about inflation last week led to a dramatic spurt in the bellwether *Commodity Research Bureau Index*, as investors anticipated that commodity prices would continue to rise. The index, which tracks the prices of 26 raw materials, posted one of its largest one-day jumps ever, climbing nearly 3% to 235.41. It closed the week at 235.59.

The weakened dollar has already forced up interest rates by reigniting more inflation fears. Investors are now demanding a higher return on fixed-income investments. From mid-March to the end of April, the yield on 30-year U.S. Treasury bonds jumped from 7.5% to 8.5%, a remarkably swift rise. By the end of last week, yields had surged to 8.9%, the highest level in 15 months. The Federal Reserve Board allowed rates to climb in order to prop up the dollar. Higher interest rates bolster the U.S. currency by making dollar-denominated investments more attractive to foreign investors.

Many bond investors have been taking a bath, since the price of fixed-income securities falls when interest rates rise. In April alone, bondholders lost more than \$100 billion. The pain was shared by small investors who have poured money into bond mutual funds. At the end of March, those funds had assets of nearly \$310 billion, up from \$142 billion at the end of 1985. The mortgage market was also hard hit by the rise in interest rates. Says Lyle Gramley, chief economist of the Mortgage Bankers Association: "Some people called it orderly panic in the bond market. In the mortgage market, it was disorderly panic." In just two weeks in April the average rate on a 30-year fixed-rate mortgage rose from 9.25% to 10.25%.

Escalating interest rates could easily stall the economic expansion, and there are signs that more hikes are on the horizon. Last week several leading banks boosted their benchmark prime lending rates to corporate customers from 8% to 8.25%, the second time in two weeks that the key rate has risen. The housing indus-

try is particularly vulnerable to high interest rates because home sales depend on available and affordable mortgages. But no sector of the economy will remain unscathed if rates keep rising.

The crucial question is whether the recent uptick in interest rates signals the start of a long-term trend. On this issue economists are divided. Goldman Sachs Economist Robert Giordano declares that the recent run-up will prove short lived. He expects rates to fall below 8% by the end of the year. Kaufman, of Salomon Brothers, is characteristically pessimistic, predicting that long-term rates will rise by nearly a percentage point, to 9.5%, by the end of the year.

While the falling dollar has had an unmistakable effect on interest rates, it has not yet had any tremendous impact on the U.S. trade deficit. Economists had expected that a weaker currency would have already greatly improved the U.S. trade picture by making exports cheaper and imports more expensive. But the gap between exports and imports persists, partly because Japanese and other foreign companies have sacrificed profits in order to keep their U.S. prices from rising too swiftly. Last week the Government reported that the deficit narrowed to \$13.6 billion for March, down \$1.5 billion from the previous month, as a result of a surge in exports. Still, for the first quarter of the year the deficit has been running at an annual rate of \$163.8 billion, down slightly from last year's record \$166 billion.

The small improvement in the trade situation did nothing to bolster the value of the dollar last week, as some economists had expected it would. Nor were the latest import and export statistics encouraging enough to allay widespread fears of a worldwide trade war. Many economists and foreign officials are especially concerned that the U.S. Congress will enact protectionist legislation as a desperate measure to reduce the trade deficit. Said British Trade Minister Alan Clark, speaking at last week's

meeting of the Organization for Economic Cooperation and Development: "We are experiencing the most fragile conditions in the international trading system in recent memory."

The trade balance, many economists argue, will not be restored until the U.S. manages to slash its \$200 billion budget deficit, which has pumped money into the economy and raised American demand for foreign goods. Says John Paulus, chief economist at Morgan Stanley: "The budget deficit is still the main problem. If you shrink it, you shrink our need for foreign capital, as well as the trade deficit."

Since Congress is unlikely to eliminate the budget deficit anytime soon, the economic hardships posed by a huge trade deficit seem certain to persist. Treasury Secretary James Baker will probably keep pushing the U.S. trading partners, especially Japan and West Germany, to expand their economies. That would enable their consumers to buy more U.S. products. At the OECD meeting, Baker made his now familiar pitch once again. But it remains doubtful that the Treasury Secretary's exhortations will produce any dramatic results.

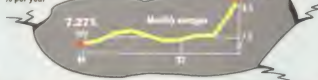
The Federal Reserve Board will play a crucial role in determining the fate of the dollar and the trade deficit. Until now, the Fed's governors have defended the dollar and guarded against inflation by allowing interest rates to rise. At some point, the policymakers could push rates so high that they would risk throwing the economy into a recession. To some extent, then, the Fed faces the almost impossible choice of protecting either the dollar or the economy. Warns Richard Rahn, chief economist of the U.S. Chamber of Commerce: "There's clearly a danger. The Fed has much less maneuvering room than it did a few years ago." A few years ago, of course, the economic expansion was just off to a fresh start, and the road ahead did not look nearly so treacherous as it does now.

By Barbara Rudolph.

Reported by Jay Brannan/Washington and Frederick Ugeheuer/New York

INTEREST RATES

30-year Treasury bonds,
% per year



U.S. DOLLAR

Indexed against
ten currencies
March 1973 = 100



INFLATION

% change in CPI
at annual rates



Economy & Business

Saying Hello To BMW-San

How to sell autos to Japan

The effort seemed destined to become one of the most futile and foolhardy moves in marketing history, as ridiculous as trying to sell snow to Eskimos or coals to Newcastle. Six years ago BMW, the West German automaker, decided to start a major drive to increase its exports to the land of Honda and Toyota. Walter Sawalisch, director of marketing for BMW Japan, recalls vividly the reaction his company got from industry experts: "When we began, people told us there was no chance at all. They said the Japanese would never buy foreign-made cars."

But the naysayers were wrong. BMW Japan has carved a still small but fast-growing market niche for its high-price, high-performance cars. Since 1980 Japanese sales of the BMW have nearly quintupled, to more than 15,000 a year, making it the top-selling foreign car. Although the company declines to release its earnings report, it claims to have made a profit from the very beginning.

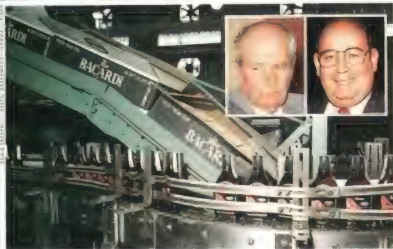
To be sure, Toyota and Nissan have little reason for nervousness. Imports accounted for only 2.2% of the Japanese market last year, and the giant American auto manufacturers were virtually absent. BMW's success, however, has encouraged several foreign carmakers, including Sweden's Saab and Volvo and West Germany's Mercedes-Benz, to push harder in Japan. As a result, car imports to Japan jumped 36% in 1986, to more than 68,000.

BMW's story is a casebook study in how, with patience and the proper strategy, a foreign company can penetrate the allegedly impenetrable Japanese market. For more than 20 years prior to 1981, BMW had sold a few thousand cars annually through a network of 33 dealerships owned by a Japanese company. The BMWs were almost casually displayed in



Hamawaki and the best-selling import

"We nurtured and stimulated demand."



A bottling plant in Cataño, P.R.; inset, Chairman O'Hara and President Del Valle

Rum Deal in an Old Family Firm

The Bacardis tussle over taking their liquor company private

Last week's family reunion in the Biltmore Hotel in Coral Gables, Fla., might have been a joyous one. The Bacardis could have marked the 125th anniversary of the development by their forebear Don Facundo Bacardi of a way to produce a light, clean rum. His label now accounts for half of world rum sales. But instead of a celebratory gathering of the clan, the stockholders' meeting of Bacardi Corp. on Thursday was another episode in a high-stakes corporate and family feud. A battle for control of the company has split the more than 500 Bacardi heirs and apparently led to the ouster of four family members from high posts in the rum business.

Over the years the Bacardi heirs have established a complicated network of independent companies stretching from Mexico to Europe. Many of them share the same offices, and all stick to the same standards for producing Bacardi rum. Puerto Rico-based Bacardi Corp. is the only portion of the empire that is a publicly traded company, and that is the point of contention. Last year Bacardi Corp.'s two top officers, Chairman Alfred O'Hara and President Manuel Luis Del Valle, launched a campaign to take the Bacardi Corp. private. In a proxy statement, they said such a move would "reduce the diversity of stockholder interests, thereby simplifying the corporation's management decisions."

O'Hara and Del Valle, two nonfamily members who were brought in to run the company a decade ago, won the support of many of the Bacardi heirs for the privatization plan, but another faction rose up in opposition. The dissidents feared that they would lose their voice in management and that removing the stock from public trading would hurt its value. Said a disaffected family member: "The rea-

sons put forth in the proxy statement are not sufficiently weighty to put the company through this trauma."

In recent months top Bacardi officers seem to have been conducting a purge of family members who oppose the privatization plan. Those let go include Bacardi Corp. Vice President Adolfo Comas Bacardi; Jorge Bacardi, vice president of the Bahamas operation; Toten Comas Bacardi, a quality-control manager in Europe; and Alberto Bacardi, president of a Canadian subsidiary.

Meanwhile, O'Hara and Del Valle devised a plan to reduce the number of shareholders to fewer than 300, which would eliminate the SEC reporting requirements that apply to a public company. Management proposed to do this by declaring a reverse stock split of one share for every 1,000 shares. Anyone holding fewer than 1,000 shares would have to accept a cash payment of \$41 a share, and that would whittle the total number of stockholders to below the magic 300 level.

By the stockholders' meeting last week, management had lined up the votes to ram through its plan. In a swift 14 minutes, the reverse stock split was approved. But while the opposition lost a major battle, the war may not be quite over. For the past month the dissidents have been trying to spread their holdings to other family members and trusts so that even after the reverse split there will be more than 300 shareholders. On one day in April, three Bacardis met at Miami's airport and created 240 trusts. Management claims that these shifts came too late. Whatever the outcome, it seems that in the distilling business blood may be thicker than water, but not necessarily thicker than rum.

—By Richard Hornik

Reported by Marcia Gauger/Coral Gables



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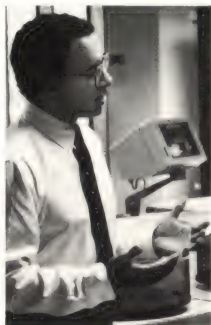
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large showrooms that also contained such disparate products as imported cameras and audio equipment. Convinced that sales could be much higher, BMW made the bold decision to buy the dealerships and start a full-scale Japanese subsidiary. The company chose Yoji Hamawaki to direct its new offensive. He is a marketing whiz who spent 14 years selling Kawasaki motorcycles in the U.S. before moving to BMW Japan as president.

Hamawaki knew well what Japanese consumers demand: a quality product, good service and a wide variety of models and features. To back up its already strong reputation for quality and service, BMW spent more than \$10 million on a Japanese distribution center, which rushes spare parts to the company's dealers within 24 hours. Since 1981, the number of BMW models offered has increased from seven to 21. And each model, from the basic 318i (\$26,000) to the top of the line M6 (\$90,000), is laden with "standard features" that are usually options in Europe or the U.S.: air conditioning, automatic transmission, power windows, sporty hubcaps and, of course, a Sony XM-FM radio complete with tape deck, CD player and four speakers.

An extensive advertising campaign molded the image of success and quality for BMW in the minds of Japanese. BMW sweetened the cars' high prices by reducing the interest rates on its auto loans. The company has found ready buyers in a new breed of consumers, who, as BMW Salesman Akio Ito puts it, "want to express their individuality in the vast mass of Japanese car owners." Often BMW buyers are professional people, doctors or dentists, or such entrepreneurial types as designers and inventors. Many are women who want a second family car or their own auto to indicate their success in the business world. "Surprisingly," says Hamawaki, "the Japanese automakers were not marketing to this new and growing segment of individualists. We nurtured and stimulated this demand."

The local giants are starting to respond. Honda, among others, is adding sportier, more expensive cars at the top of its line, a development that does not seem to concern BMW. "We welcome the competition," says Hamawaki, "because it generates interest in the prestige cars. The more they sell, the more we sell."

BMW's brisk sales in Japan make the performance of American automakers seem all the more dismal. U.S. models were once the leading imports, but Japanese consumers became dissatisfied. Explains a dealer who used to sell American cars: "At one time an American car was a statement of quality, but sadly it is no longer." In 1980 U.S. companies sold 11,058 cars in Japan, but by 1986, the total was down to 2,345, or just about equal to the number of BMWs snapped up in March alone. To reverse that trend, Americans may have to take a few lessons from BMW on how to sell snow to Eskimos.

—By Barry Hillenbrand/Tokyo

Will Fake Fat Yield Plump Profits?

The race is on to develop a low-cholesterol food substitute

Imagine chowing down cheesecake, feasting on French fries and pigging out on potato chips with little worry about calories. This fat-filled fantasy is still just an overeater's dream, but it moved closer to reality this month when Procter & Gamble dispatched a truck from its Cincinnati headquarters to the Food and Drug Administration in Washington. Its carefully guarded cargo: 30,000 pages of documents detailing tests of a new cholesterol- and calorie-free fat substitute that P&G calls olestra. The shipment included a petition asking the FDA to consider approving the substance's use in deep-fried foods, oils, shortenings and salty snacks.

It could take two years for the Government to sort through the mound of

(Imperial margarine and Mrs. Butterworth's syrup and pancake mixes).

At the center of all the attention is a class of compounds known as sucrose polyester (SPE). Although that may sound like a new material for leisure suits, SPE looks and tastes like vegetable oil but passes through the body without entering the bloodstream. Research at the University of Cincinnati appears to show that it can reduce a person's existing cholesterol levels. It supposedly satisfies what market researchers call the "mouth-feel" requirement that eludes so many yucky-tasting diet-oriented products. P&G, which has tested olestra on more than 1,800 people in the past 15 years, contends that foodstuffs containing it are as flavorful as



data, conduct its own tests and allow fake fat to reach menus and supermarket shelves. But Wall Street is already optimistic that the maker of Ivory soap, Crest toothpaste and Crisco oil has its hands on the greatest food-industry breakthrough since, well, sliced bread. Within two days of the FDA filing, P&G shares jumped 10% to 93%. P&G (1986 revenues: \$15.4 billion) has "hit a grand-slam home run," says Hercules Segalas, an analyst for the Drexel Burnham Lambert investment firm. "This is going to be the single most important development in the history of the food industry."

Though P&G apparently has a large lead in the race to market a fat substitute in the U.S., scientists for several rival companies are working on similar substances. Among the possible competitors: the Frito-Lay division of PepsiCo (maker of Lay's potato chips and Fritos corn chips), CPC International (Mazola corn oil and Hellmann's mayonnaise) and the Lever Brothers subsidiary of Unilever

those with the cholesterol-laden oils dear to so many American hearts, though perhaps not their arteries.

Despite extensive study, there is no assurance that unexpected side effects of olestra and other forms of SPE will not appear if the compounds go into wide use. Moreover, skeptics fear that many dieters will fill up on SPE-laden snacks and not eat enough natural foods with essential vitamins and other nutrients.

The allure of SPE, though, makes the mind boggle—and the mouth water. Industry watchers suggest that someday supermarkets might stock extra-low-calorie cookies, diet doughnuts and even fat-free ice cream. Says P&G Spokesman Donald Tassone: "We have done a lot of testing on different foods." If research produces food that seems sinful but is palatable to waistline watchers, then P&G, and any other companies that follow its lead, should have no trouble fattening their bottom lines.

—By Gordon Bock, Reported by Bernard Baumohl/New York and Ginny Hunter/Cincinnati

Business Notes



Boeing and United cut a deal with a difference



These callers paid full price, but not everyone does



Ford deflates the price of a safety device

AIRLINES

\$700 Million For a Chute

When United Airlines paid \$2.1 billion for new 747-300 and 747-400 jetliners from Seattle's Boeing last week, the No. 2 U.S. carrier secured more than standard safety equipment. As part of the deal, Boeing agreed to purchase \$700 million in promissory notes convertible to stock in the airline's parent, Allegis, based in Elk Grove Village, Ill. If Boeing acquires stock, it could become the company's largest shareholder and thus help Allegis thwart hostile takeover attempts. Boeing cannot exceed a 30% share without the consent of Allegis' board.

The agreement did not quell speculative interest in Allegis stock, which rose 4½ last week, closing at 72½. Several unidentified investors were believed to be amassing large holdings. United's pilots union, which wants to buy the airline, said the Boeing-Allegis alliance will not affect its plans.

AUTOS

A Fire Sale On Air Bags

Call it a case of deflated consumer attraction. Since March 1986, Ford has offered a driver-side, anticollision air bag as an \$815 safety option on its

Tempo and Mercury Topaz compact autos, which sell for a base price of about \$9,000. Apparently the bag option has little allure for many buyers, who have bought the safety devices on only 2% of the 189,000 Tempo and Topaz cars sold since the 1987 model year began. Last week Ford tried to pump new life into its air bags by slashing the price to \$295. The company hopes that will move more air bag-equipped cars off dealers' lots.

Ford's fire sale may mollify safety activists, who have long accused automakers of charging too much for the passive restraint device. But many dealers, for their part, have said that customers simply do not seem interested in spending the extra money.

RIP-OFFS

Reach Out and Rob Someone

"Pssst! Wanna buy a cheap long-distance call?" Words to that effect are now being whispered in the vicinity of telephone booths across the country as part of a scam that costs U.S. phone companies anywhere from \$6.5 million to \$11 million a year. Hustlers who might once have peddled drugs or sex offer prospective customers cut-rate telephone calls that are placed by using access codes stolen from long-distance phone companies. The most likely buyers: people waiting in

urban bus or train terminals, especially immigrants who might want to call a loved one in a foreign land without having to fork over a fistful of quarters. At New York City's Port Authority Bus Terminal, the going illegal rate is \$2 to call anywhere in the U.S. and \$4 for an overseas hookup.

Authorities have rounded up hundreds of phone hustlers around the country in recent months. In New York alone, last year 190 people were arrested for participating in the hot line scam. Three local telephone companies and 20 long-distance carriers, including AT&T, US Sprint and MCI, joined forces to form a group called the Communications Fraud Control Association, which now includes a number of other phone companies. The association's mission: to help crack down on the growing practice by urging tougher laws and stricter law enforcement.

MANAGEMENT

I Say, Old Boy, Are You There?

There are days when it does not pay to show up for work. But sometimes it pays plenty. When Purcell, Graham, a blue-chip London brokerage house, opened for business last Monday, about half its 120 brokers were absent. By day's end it seemed that many had skipped to a nearby rival, Can-

tor Fitzgerald, which is rumored to have offered to double the defectors' salaries.

Such a raid would once have been unprecedented for London's staid financial district. But since last fall's deregulation of Britain's financial institutions, foreign banks—previously barred from operating brokerages—have been fighting madly over a limited pool of experienced financial personnel.

ACQUISITIONS

Like Moths To the Flame

The urge to merge often causes big businesses to splurge, buying operations that they wind up selling for a loss. So concludes Harvard Business School Professor Michael Porter in the latest issue of *Harvard Business Review*. Porter examined 1,601 acquisitions made by 33 major U.S. corporations from 1950 to 1980. By last January, he found, they had dumped 53% of the ventures, rarely at a profit.

Porter says companies either chose the wrong businesses or overspent for them. He gives low marks to CBS, which had shed 87% of the businesses it acquired in the 30-year period; and RCA, now a unit of General Electric, which had dropped 80%. Why do so many executives diversify? Porter shrugs, saying, "They're drawn like moths to the flame."



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Medicine

The Hearts of the Matter

A drama of domino donors unfolds in Baltimore

The countdown started around midnight at Baltimore's University of Maryland Hospital. At that hour doctors began the delicate task of removing the heart and lungs from a 32-year-old victim of a car accident declared brain dead several hours earlier. Working swiftly, they excised the organs, chilled them to 45° F and transported them across town to Johns Hopkins Hospital. Clinton House, 28, a refrigeration mechanic whose lungs were ravaged by cystic fibrosis, had been summoned from his home and was being wheeled into the operating room. He had waited a year for this moment. In a room ten yards away, doctors prepared John Couch, 38, of Yardley, Pa., who was suffering from advanced heart disease.

Over the next seven hours, the two teams worked briskly, removing House's stricken lungs and his functional heart, leaving what Surgeon Bruce Reitz later described as a "very dramatic cavity" in his chest. The doctors had decided it was simpler and safer to replace both the heart and lungs rather than the lungs alone. As Reitz's team began implanting the heart and lungs taken from the accident victim, House's heart was rushed into the next room, where Surgeon William Baumgartner sutured it piggyback over Couch's own ailing heart. By 10 a.m. the exhausted physicians had completed their tasks and made American medical history. It marked the first time in the U.S. that a living individual had donated his heart, in what is termed a "domino donor" organ exchange. Officials at London's Harefield Hospital revealed last week that Dr. Magdi Yacoub had actually been first to use the domino approach there in April.

At week's end both patients were sitting up in chairs, and House had even enjoyed his first post-op hamburger. House had been happy to serve as both organ donor and recipient, said his mother Joyce Plesic. "He said if someone could help him, he should help someone

else." Couch's wife Peggy said she was pleased that her husband might have a chance to meet the man who gave him his heart. Doctors say that get-together may occur this week.

For House, the transplant was a last



Surgeon Baumgartner uses a model to demonstrate the procedure. Donor and recipient hope to get acquainted sometime this week.

resort in a lifelong battle with cystic fibrosis. CF victims produce abnormally thick, sticky mucus and other secretions that block normal lung function and interfere with digestion. Babies born with CF used to die in early childhood, but today more than half reach their early 20s, thanks to a battery of drugs that control lung infections, aid digestion

and limit secretions. Still, few survive beyond the age of 30. House's lungs were "just about gone," according to his father, and for three years he had used an oxygen tank while he installed air-conditioning equipment.

Some 250 heart-lung transplants have been performed in the U.S. since 1981; two-thirds of the patients survived the first year, and 25% have lived more than five years. Surgeons in England have demonstrated that the procedure can

work well on CF patients. One woman there has survived for 20 months with a new heart and lungs. "She is living a reasonably normal life, working at a library," reports Biochemist Robert Beall of the Cystic Fibrosis Foundation in Bethesda, Md. Before surgery, he says, the woman "had to be carried from bed to bathtub." Especially encouraging is the fact that the woman's new lungs have not been affected by cystic fibrosis.

CF patients may soon benefit from a new procedure in which just the lungs are transplanted. "It's sort of a heart-lung, hold the heart," says Dr. Joel Cooper of Toronto General Hospital, who developed the operation. For some patients, he observes, "a heart-lung transplant is fantastic, but why transplant the heart if it is not needed? Why subject the patient to the additional risks?" Since November three patients, none afflicted with CF, have had the operation. "All have gone home, and all are performing spectacularly," he says.

Experts on cystic fibrosis agree, however, that such surgical wonders are of limited

use. Although 500 to 1,000 CF victims die each year, many of them suffer from diabetes, kidney failure and other complications that make them ineligible for transplants. A shortage of lung donors poses an even greater problem. "This is not a panacea for cystic fibrosis," says Beall. He and others think the best hope lies in deciphering the genetic basis of the disease. Researchers at St. Mary's Hospital in London believe they have located the responsible gene on human chromosome No. 7. The finding should lead to a precise biochemical understanding of CF and, in turn, better drug treatments. That, of course, could someday eliminate the need for surgical heroics.

—By Claudia Wallis.
Reported by Dick Thompson/
Baltimore

New Clues About AIDS

Among the mysteries of the AIDS epidemic is why certain people seem to be less susceptible than others. Why do the sex partners of some AIDS patients remain free of infection? Why are Africans more likely to contract the disease than American heterosexuals?

Two new reports yield some clues. Anthony Pinching and colleagues at St. Mary's Hospital Medical School in London found evidence of a genetic factor in AIDS vulnerability. They examined blood samples from more than 200 individuals for a protein called

group-specific component, which has three genetically determined variants. People with one Gc type seemed to be protected against AIDS infection; those with another type had a high incidence of AIDS.

A study led by Thomas Quinn of the National Institutes of Health suggests a link between AIDS susceptibility and the presence of other infections. Both Africans and homosexual American males were found to have higher levels of antibodies against syphilis, hepatitis B, herpes and four other microbes than did U.S. heterosexuals. Those high levels of exposure apparently cause a "chronically activated" immune state, which may increase vulnerability to AIDS.

Science

Tick, Buzz, It's That Time Again

Locusts? No, it's the 17-year cicada, creating a racket

One of the first to spot the invasion in the South was retired Textile Worker Hugh Salmons, who on May 9 saw the glistening bodies on the willow oaks in his front yard in Elkin, N.C. The next morning, Judy Carpenter, 32, of Blairsville, Ga., was in the backyard playing softball with her daughter when she saw the intruder, its red eyes glinting in the sun and its clawed front feet pulling it through the grass. Within 24 hours she had collected 21 of them in a jar from the rhododendron bush in front of the house.

After nearly two decades of a subterranean existence, one of the two largest broods of the 17-year cicadas (pronounced *suh-kay-duhs*) is back. During the next few weeks and continuing through early July, the Eastern U.S. from Georgia to New York and as far west as Illinois will become infested with these mysterious insects, which emerge from the ground every 17 years to mate and die. This year, as in previous appearances, their numbers are likely to reach into the millions to the acre. The greatest concentrations are expected in the suburbs of Baltimore, Washington, Philadelphia and Cincinnati, where the days will be filled with a cacophony of ticks and buzzes that will wax and wane with the heat of the sun. A population in full song can exceed 100 decibels, roughly the level of a circular buzz saw at full throttle.

Many people still call the cicadas "locusts," because that is what the Pilgrims first called them, thinking no doubt of the locust plagues described in the Old Testament. Actually, those biblical insects were migratory grasshoppers, which even today cause extensive crop damage in Africa, Asia and South America. In contrast, the 17-year cicadas are reasonably harmless bugs whose only sins are sucking sap out of trees for nourishment and killing small branches by laying eggs in them. They also mess up lawns with their 2-in.-long bodies. Vulnerable sapling oaks and fruit trees can easily be protected with a covering of cheesecloth. "They're more of a nuisance than anything else," says Douglass Miller, an entomologist with the Agricultural Research Service in Beltsville, Md. "They do less damage than a good pruning."

Compared with the average bug, which goes from birth to death in less than a



They're back: cicadas on a favored spot
Mysterious and "amazing" complexity

year, the 17-year cicada is Methuselah: it has the longest life cycle of any known insect. In all, there are twelve distinct broods of 17-year cicadas, each of which emerges in a different year. This year's group is referred to by scientists as Brood 10. The other large group, Brood 14, is due to make its next appearance in 1991.

What triggers the insect's emergence

from the ground exactly on cue in the final months of its life cycle is one of nature's continuing mysteries. Scientists assume that hormones play a role. The creatures also appear at about the time the soil temperature reaches 68° F to 70° F, which is why they are first seen in the South. Says University of Michigan Biologist Thomas Moore: "It's an amazing demonstration of biological complexity."

In its long sojourn underground, subsisting on sap in tree rootlets, the cicada nymph passes through five growth stages, or instars, each of which ends with the insect throwing off its carapace. About two months before it is ready to emerge, the nymph tunnels its way upward, lying at the surface and building a protective earthen turret if the ground is too damp. This final rest stop is truly character building: it apparently enables the insect to develop adult claws and flight muscles to help it cope with life aboveground. "Their bodies undergo a major transformation, especially of muscle structure," says Miller.

As a safeguard against predators, the cicadas usually first crawl out of the ground after sunset. Their main defense, though, may be sheer numbers: birds, raccoons and skunks can crunch up only so many insects. After climbing the nearest vertical object—a tree or post, for example—the insects take their last step toward adulthood. They hook their needle-like claws into the surface, arch their backs to break their skin and then wiggle free. A day later they are ready to fly away. All of this is merely a prelude to courtship, with the male cicadas seeking to attract mates with their staccato siren song, produced by vigorously vibrating two drumlike appendages on the abdomen.

The final hours of the cicada's three-week life aboveground are played out as the female deposits hundreds of eggs in a series of pockets cut in twigs. Nine weeks later the microscopic nymphs hatch, drop to the ground and burrow down as far as 2 ft., where they grow, eat and await their coming-out 17 years hence. The fact that this brood will not reappear until 2004 is one reason scientists are reluctant to put too much of their time into unlocking the cicada's secrets. As Richard Froeschner, a research entomologist at the Smithsonian Institution, points out, "Enthusiasm and curiosity tend to wane between generations." —By David Brand.

Reported by Andrea Dorfman/New York and Joseph J. Kane/Atlanta

Dreams Into Reality

Superconductivity may be turning scientists into visionaries, but their dreams of flying trains and of cheap power are hobbled by a problem. The new ceramic superconductors carry electricity with perfect efficiency at far higher temperatures than conventional superconductors (above -320° F. vs. -418° F. or below), making them easier to refrigerate and cheaper to use. But to be useful, they must carry at least 100,000 amps of current per cm² of cross section and 1 million amps or more in some applications. So far, the

new superconductors have carried only about 1,000 amps.

No more. IBM scientists announced last week that a crystal about the size of a quarter but only one-hundredth the thickness of a human hair has handled more than 100,000 amps. Other obstacles remain, including the difficulty of molding the new material. But, says IBM's Praveen Chaudhari, "if you told me two weeks ago that we would have high-temperature superconductors that carry high currents, I would have said you were dreaming. Now if someone told me we will have useful devices made of this material next month, I wouldn't call him a dreamer. That's how fast this field is moving."

Law



Forgive and forget? Hanson accepts an apology from Atlas for his courtroom outburst

Whose Trial Is It Anyway?

Defense lawyers raise hackles by attacking victims and prosecutors

Because Maria Hanson demanded from her landlord the return of a security deposit on her rented apartment and resisted his advances, he dispatched two men last June to slash her face with a razor. The instantly notorious New York City attack left Hanson with visible scars, but the 25-year-old model says the courtroom assault that followed was worse. At one of the resultant trials, a defense attorney claimed, without producing evidence, that she was helping prosecutors frame the two slashers because they were black. He alleged that she was sexually voracious and "preyed on men." He even confronted Hanson with an anatomical obscenity that her landlord allegedly used to describe her, then asked her to define it.

"I was in shock that I had to answer that," Hanson said in a TV interview after the convictions came in. "I kept looking at the judge to help me." Instead, at the sentencing last week of Hanson's landlord, Acting Justice Jeffrey Atlas blasted Hanson and her attorney for publicly criticizing his handling of the trial. That caused Hanson to burst into tears and inspired a storm of outrage from editorialists and Mayor Edward Koch. "How many times must a victim be victimized?" he asked.

The passions raised by the venerable legal strategy of trying to discredit the victim got further visibility last week at hearings in another much publicized case, the murder trial of Robert Chambers, 20. A handsome preppie college dropout, Chambers claims to have accidentally strangled Jennifer Levin, 18, when she hurt him during pre-dawn sex in New York City's Central Park last August. To bolster Chambers' version of the killing,

Defense Attorney Jack Litman attempted to obtain Levin's diary as evidence, characterizing it as a chronicle of her "kinky and aggressive" sex life. After reading the diary privately, the presiding judge ruled that it contained no information relevant to the defendant's case. By that time, however, Levin's character had been impugned and the anguish of her family amply replenished. Her grief-stricken father has appeared in court wearing a JUSTICE FOR JENNIFER button.

The Hanson and Levin cases are vivid reminders that defense attorneys frequently try to portray female victims of sexual crimes as either sluts or teases. "Blaming the victim is a very sexist defense," says Kelli Conlin of the National Organization for Women. "It started with rape cases. The idea was 'She asked for it.'" In recent years, though, new rape-shield laws have excluded from trials evidence regarding a rape victim's sexual past, except any previous relationship with the alleged attacker.

Those protections do not extend to other crimes. Indeed, Litman first made a name for himself in 1977 by getting a conviction on the lesser charge of manslaughter for Richard Herrin, a Yale graduate who killed his girlfriend Bonnie Garland with a hammer. "It was suggested," says her father Paul bitterly, "that she was a manipulative, rich, spoiled person who didn't treat this lovely man who murdered her nicely." Garland, a New York attorney, is working for the spread of legislation that gives victims the right to a voice at bail

hearings and with the prosecution before a plea bargain is accepted. "I've told Jennifer's survivors that they can expect further desecration of her memory," he says.

Court watchers have also detected a new virulence lately in some defense attacks on prosecutors. During the recent federal racketeering trial that ended in the acquittal of alleged Mob Boss John Gotti, defense lawyers launched savage personal attacks against Prosecutor Diane Giacalone; they even made wild charges that Giacalone had given her underwear to a prospective witness as an inducement to testify. Charges like that, says New York University Law Professor Stephen Gillers, "represent a breakdown in the last thread of civility in a contentious adversarial process."

Defenders of defense attorneys answer that making unsavory accusations is often a lawyer's duty. Says Gillers: "If Litman were to say, 'Listen, Chambers, this is your best shot, but I don't feel comfortable doing it because I feel it's morally wrong,' he would be guilty of malpractice." Another current trial in Manhattan, involving Subway Gunman Bernhard Goetz, demonstrates the legal value of blaming victims. Goetz offers self-defense as the reason why he shot four black youths who he suspected were preparing to rob him. His attorney has relentlessly highlighted the criminal intentions of the four. The American Bar Association's code of ethics, which requires that attorneys zealously defend their clients, forbids degrading courtroom accusations only if they are also irrelevant. Formal discipline by the bar for violations is apparently rare. In essence, the dividing line between zealousness and callousness is left to a lawyer's discretion—and his sense that such tactics might backfire, creating juror hostility toward his client.

The most important factor in shaping the conduct and tone of a trial remains the guidance of the judge. But judges are worried that an incautious intervention from the bench might provide a basis for appeal. The result, says Gloria Allred, an activist Los Angeles attorney, is that "judges, who want to allow

the defense as much of a chance as possible, sometimes err on the side of the defendant by allowing the victim to be vigorously cross-examined." When they do, the only palliative seems to be public protest. The storm over Hanson's treatment last week led to a formal apology from the judge a few days later. With Atlas at her side, Hanson told reporters, "In the end justice worked and justice was done." It is nice she can forgive. Forgetting may be harder.

—By Richard Lacayo.
Reported by Jennifer Hull/New York, with other bureaus



Attorney Litman

Computers

Taking a Byte Out of Crime

A custom-made program helps nail 210 federal fugitives

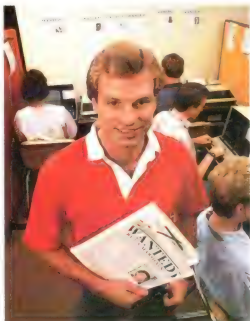
With his bronzed good looks, silky sales pitch and dangerous smile, Leather Importer Iran (yes, that's his name) Michael Kesselman, 41, found it easy to dazzle women and men alike into doing his bidding. They put him up, made his airplane reservations, introduced him to buyers for chic West Coast boutiques and took him to celebrity-studded parties. Some of Kesselman's admirers became so enthralled, federal investigators found, that they even peddled drugs for him.

Yet Kesselman proved so elusive that at times Inspector John Stafford felt as if the character he was tracking were more fictional than real. Stafford, who works for the U.S. Marshals Service, spent 3½ years looking for Kesselman in connection with British charges of cocaine trafficking and money laundering. "He was a charmer," says Stafford. "He was mobile, smart, bounced around to all these different spots, and you couldn't get a handle on him."

Kesselman was finally run to ground in Waikiki several weeks ago, thanks to a computer program called Scorecard. The invention of Ron Wutrich, 28, a self-taught computer analyst for the Marshals Service, Scorecard is one of a new breed of investigative tools that promise to revolutionize the way authorities hunt down fugitives from justice. U.S. officials say Wutrich and Scorecard are the heroes of an international manhunt, disclosed last week by Attorney General Edwin Meese, that has resulted in the arrest of 210 people, including 166 top-priority narcotics traffickers.

The manhunt, code-named WANT, for Warrant Apprehension Narcotics Teams, was conducted by squads of Marshals Service investigators operating out of eight cities and three foreign countries. Howard Safir, head of operations for the Marshals Service, conceived WANT as a way of getting at traffickers who have plenty of cash and ready-made support networks to hide them. In the past, says Safir, "if a drug trafficker was out more than 48 hours, he was basically home free."

In January Safir surveyed U.S. Attorneys and Drug Enforcement Administration offices around the country, put together a list of some 700 most wanted suspects and had WANT field teams in place by March 1. The basics—shoe leather, hunches and luck—played their part, but what made the operation click was Scorecard, an electronic indexing sys-



Heroes of a manhunt: Wutrich and his machines
A revolutionary new breed of investigative tools.

tem that Wutrich put together in just two months. "It's the thinking man's search," says John Pascucci, the WANT project manager.

In computer terminology, Scorecard is a "relational data base," a powerful filing and retrieval program that can not only search for clues but ferret out relations or links between those clues. In a complicated case involving operations in several cities, Scorecard can quickly identify a suspect's contacts and associates. Says Wutrich: "Our system even makes suggestions on where a fugitive might be or who is the strongest person to lead you to him."

Safir, intrigued by Scorecard (named for its creator's favorite pastime, keeping baseball statistics), rented an office in San Francisco's Federal Building and assigned Wutrich to teach two dozen other investigators to use the system. Working at 15 terminals tied to an Altos 3068 computer, they fed in data about each fugitive from interviews, rap sheets and computerized files from the FBI, DEA and other government agencies. They learned to query for patterns and to dispatch tips to the field task forces. Investigators who had spent their ca-

reers exchanging information via slow, spotty teletypes became born-again high-tech detectives. "You've got so many decisions to make when you're dealing with paper," explains Wutrich. "Do you file a license plate under one suspect's name or another, or the kind of car or the arresting officer or the place? With this computer, you can search out any piece of information, no matter how you've filed it."

In the case of Donnie Wayne Snell, a motorcycle-gang enforcer wanted for shooting a Texas highway patrolman, Deputy Marshal Ed Stubbs used the Scorecard system to predict where Snell was heading. A deputy sheriff in Montana said that he had seen someone matching Snell's description driving through town with two other men. Stubbs went to a map, drew a radius around the spot and figured the men had to be heading for Casper, Wyo., or Rapid City, S. Dak. He put out leads to law officers in the area, who started watching the roads. Reported sightings were relayed to Stubbs, who used the computer system to corroborate or discount them. Within ten days, the search focused on an isolated farmhouse outside Rapid City. A dawn raid netted Snell without a shot being fired.

Kesselman was one of Scorecard's most challenging cases. Inspector Stafford used the program to compile a list of the suspect's known aliases, addresses and friends, and zipped them to WANT teams in New Jersey, Los Angeles, San Francisco, Las Vegas and Hawaii. Agents went out in force and ran down the list in a day or two. "If you put enough pressure on someone, it's going to go," reasoned Stafford.

As the noose tightened, Kesselman headed for Oahu. But by then marshals there were keeping watch on half a dozen likely hideouts. They lucked into someone who remembered seeing the 6-ft. 4-in. blond at the Aloha Towers condo near Waikiki. The marshals stalked out the lobby and grabbed Kesselman when he stepped off an elevator with a couple of women. "He was very surprised," says Deputy Marshal Gary Shuler, who made the collar. "If hadn't been for WANT, there's no question that this guy would still be out there."

Safir, impressed with Scorecard's results, is setting up a permanent computer center in the Marshals Service's suburban Washington headquarters. Wutrich, meanwhile, is already working on a "smarter" program, which may give the likes of Iran Michael Kesselman even less room in which to hide.

—By Elaine Shannon/
Washington



Fugitive Kesselman

Video

"It Stinks!" "You're Crazy!"

For Siskel and Ebert, reviewing movies is a contact sport

Twelve years ago, Roger Ebert, film critic for the Chicago *Sun-Times* and now better known simply as "the fat one," was asked if he would appear on a new movie-review program being produced by WTTW, the local PBS station. He was intrigued by the idea but not by the prospective costar, his archrival from the Chicago *Tribune*, Gene Siskel. "The answer," Ebert recalls, "was at the tip of my

ference: "Siskel and Ebert go 'horrible picture,' and, I'm telling you, [they] can definitely kill a movie."

Maybe, maybe not, but what keeps viewers tuning in is the chance to see them try to kill each other. The format of their show is simple. For each film (four are reviewed in a typical half-hour, plus an extra segment on videocassette releases), one of the pair will introduce clips, describe the



Ebert and Siskel on the balcony set where they conduct their battle of the thumbs

Railing against car chases and violence, shooting baskets with David Letterman.

tongue: no." Nor did Siskel, now frequently referred to as "the other one," relish the thought of sharing a stage with "the most hated guy in my life."

Siskel and Ebert still do not get along, at least in public, but they have put that antagonism to good use. Their show, originally called *Opening Soon at a Theater Near You* and later *Sneak Previews*, went national in 1978 and soon became the highest-rated series in PBS history. In 1982 they moved to commercial syndication. Today, under the title *Siskel & Ebert & the Movies*, they reach an audience of 8 million, ranking in the Top Ten of all once-a-week syndicated shows on TV.

The Mutt-and-Jeff pair are certainly the most popular and conceivably the most powerful movie critics in the country. Probably no encomium is more sought after by film publicists than "Two thumbs up—Siskel and Ebert" (reflecting their device of signaling thumbs up or thumbs down for good reviews or bad). Just how much impact they have at the box office is less certain, but some in Hollywood think it is substantial. Said Comedian Eddie Murphy at a recent press con-

ference: "Siskel and Ebert go 'horrible picture,' and, I'm telling you, [they] can definitely kill a movie." Maybe, maybe not, but what keeps viewers tuning in is the chance to see them try to kill each other. The format of their show is simple. For each film (four are reviewed in a typical half-hour, plus an extra segment on videocassette releases), one of the pair will introduce clips, describe the plot and give a capsule review. Then comes an ad-lib passage in which the other offers his comments or rebuttal. The cross talk often gets testy. After the two disagreed about Susan Seidelman's comedy *Making Mr. Right*, Ebert concluded defiantly, "I enjoyed myself from beginning to end." Replied Siskel: "You usually do enjoy yourself; it's the film I didn't like." Or here is Ebert trying to convince Siskel that Alan Parker's thriller *Angel Heart* is not too slow moving: "You want television... let's hurry and tell the story." Siskel: "Don't lay that on me... you know I don't want television any more than you do." Ebert: "In that case, I'm sorry you have to be on this show."

Samuel Johnson and Matthew Arnold it's not, yet the program has virtually invented a new TV genre. Two sets of clones are currently trying (mostly in vain) to match their success: Rex Reed and Bill Harris on *At the Movies*; Jeffrey Lyons and Michael Medved on *Sneak Previews*. Meanwhile, Siskel and Ebert are frequent guests on the *Tonight* show and have mock-settled their differences in a basketball-shooting contest on *Late Night* with

David Letterman. Movies now even make fun of them: in *Hollywood Shuffle*, two streetwise blacks review movies in a take-off called *Sneakin' in the Movies*.

Though bickering has made them famous, the best-kept secret about Siskel and Ebert is that they agree more often than they disagree. Their tastes are generally similar (two thumbs up for *Prick Up Your Ears* and *Swimming to Cambodia*; two thumbs down for *Blind Date* and *The Secret of My Success*). Both rail regularly against teen sex comedies, violent horror films and car chases. Good movies are almost always those that have "characters you can identify with."

"It is the emotional content that comes through on TV," says Ebert. "People can pick up a lot about the film through the exchange of feelings between two critics." Siskel too defends their TV criticism against charges that it is oversimplified and superficial: "It is the distillation between the two of us of 39 years of writing about movies."

Ebert, 44, got a journalism degree from the University of Illinois, went to work for the *Sun-Times* at age 24 and landed the movie-reviewing spot a year later. Siskel, 41, majored in philosophy at Yale, became a reporter for the *Tribune* at 23 and the paper's film critic soon afterward. They have been aggressive rivals in print ever since, though the competition hit a snag last year when the *Tribune* removed Siskel as daily critic and relegated him to feature pieces and capsule reviews.

The two have little in common outside the TV studio, aside from their reported \$1 million salaries from TV alone. Ebert, a bachelor, lives in a three-story Victorian house (where he keeps the curtains drawn to protect his collection of watercolors), teaches a film course at the University of Chicago, and once wrote scripts for Erotic-Film Producer Russ Meyer. Siskel lives with his wife and two children in a fashionable ten-room co-op and is such a fan of *Saturday Night Fever* that at a celebrity auction he bought the white suit John Travolta wore in the film. They rarely socialize with each other and never sit together at screenings: Siskel is typically near the back, Ebert farther down the aisle, usually munching from a box of Good & Plenty.

Is their feud a fake? "On all the movie sets I've been on," says Siskel, "I've never seen people get as angry as Roger and I get." Nor are the fights confined to the TV cameras. On a recent plane trip, Siskel was trying to teach Ebert to play Michigan rummy. At one point, Ebert accused Siskel of throwing a card into the wrong pile. Siskel denied it, and Ebert suddenly tossed up his seat tray. "That's it," he cried. "No more cards!" Hmmm. Conflict, characters you can identify with—definitely a thumbs up. —By Richard Zoglin.

Reported by Scott Brown/Los Angeles and Toni Schlessinger/Chicago

Books

Hot "Barracko" from Zima Junction

ALMOST AT THE END by Yevgeny Yevtushenko

Translated by Antonina W. Bouis, Albert C. Todd and Yevgeny Yevtushenko
Henry Holt: 146 pages: \$15.95

How does Yevgeny Yevtushenko spell relief? G-L-A-S-N-O-S-T. Soviet Leader Mikhail Gorbachev's campaign of "openness" has given him another opportunity to star in his most celebrated role. Since he first packed them in at Mayakovsky Square during the early days of Khrushchev, the dramatic Siberian has been known internationally as the thaw poet. Less privileged Soviet writers know him for his adaptability on thin ice.

Almost at the End demonstrates why. A collection of prose and poetry, the book is nicely timed with the reappearance of Yevtushenko, 53, as a prominent spokesman for Gorbachev's liberalization campaign. The new work is theatrical but tame. The targets are either old monsters or the class of unconstructed bureaucrats whom the new regime has pledged to replace. The daring urgency of earlier poems, such as *The Heirs of Stalin* and *Babi Yar*, has given way to all-purpose indictments of totalitarianism and effusions of universality. "I would like to be born in every country, have a passport for them all" is how he begins.

The sentiment is generously larded throughout the collection, although, in fairness, Yevtushenko's verse is more effective in recital. At his best, he is a performance artist whose readings enchant audiences who may not understand what he is saying. He seduces them not with the message but with the medium, the Russian language, with its soft buzzings and throaty sighs.

The centerpiece of the volume is *Fuku*, an 87-page autobiographical odyssey that combines verse and narrative. The title is attributed to an African word used by Latin-American peasants to describe con men and exploiters. Yevtushenko has a little list, starting with Christopher Columbus, whom he evokes as a gold-hungry conquistador and an impatient actor on the set of a television mini-series ("When will this all end?" grumbled Columbus, feeling his face to see if his gray beard had come unglued. "Somebody, bring me a gin and tonic...").

The well-traveled poet visits San to Domingo, where the series is being shot. Elsewhere, he alludes to his own movie, *The Kindergarten*, about his childhood in the Siberian town of Zima Junction. *Fuku* and the film share events and images of Yevgeny the boy:

From my guts I learned the hunger of war.

My ribs taught me the geography of Russia.

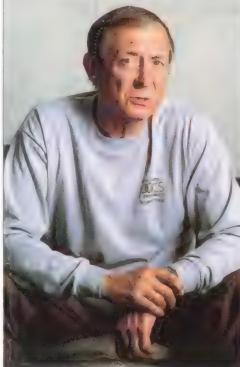
Nobody gave me so-called fame, I snatched it myself, by the neck, like a chicken.

Yevtushenko is proud of his popular success and pugnacious about his critics:

A poet today, like a coin of Peter the Great.

Excerpt

"We drank in one gulp and simultaneously threw down the emptied goblets. But they didn't break... I looked at Robert Kennedy. He had turned pale. Probably he too was superstitious... Kennedy picked up one of them and tapped it... The goblets were made of transparent plastic. Since then I never ask others to break their glasses, nor do I try myself."



has become really rare. He even frightens his neighbors on the globe.

But I'll find understanding with my successors one way or another.

Until then, there are the perks of fame: access to Che Guevara, an invitation to party with Robert Kennedy and a judgeship at the 1984 Venice Film Festival, where the passionate individualist from the U.S.S.R. succumbs to a cultural bureaucracy in the West.

Almost at the End has a way of passing smoothly through the ideological looking glass. What seems to be the cult of personality on one side appears as celebrity on the other. Perhaps even legend.

I was not on the stage. I was the stage in the blood of my epoch, in the vomit of this age, and everything in my life which seemed to you not my blood, but just the thirst for fame, I do not doubt someday you'll call heroic deeds.

This sort of grandstanding must surely offend writers who have suffered physical and mental pain under the Soviet system while Yevtushenko flourished. But that is an old, sad story of envies, misunderstandings and compromises that the author does not confront. Rather he defends his style on the justifiable grounds that poetry springs from rude experience and common speech:

More than from Tolstoy I learned from blind beggars who sang in train cars about Count Tolstoy. From barracks I learned more than from Pasternak and my verse style was hot "barracko."

Unfortunately, a good deal of it is overcooked.

I am a shopping bag stuffed with all the world's shoppers. I am everybody's photographer, a paparazzo of the infamous. I am your common portrait, where so much remains to be painted. Your faces are my Louvre, my private Prado. I am like a video player, whose cassettes are loaded with you.

Lines like these have little to lose in translation. —By R.Z. Sheppard

Books

Fish Stories

BLUES

by John Hersey

Knopf; 205 pages; \$16.95

"A s no man is born an artist, so no man is born an angler," wrote Izaak Walton. He was both, but that was an easier accomplishment in the day of *The Compleat Angler* (1653), when there were fewer artists and more fish. Today it is harder to coax a fresh idea or albacore to the surface.

So the aesthetic and ichthyological achievement of *Blues* should not be minimized. John Hersey, previously noted for elaborations of such historic themes as World War II (*A Bell for Adano*), the Holocaust (*The Wall*) and the atom bomb (*Hiroshima*), has chosen the dialogue form for what seems a lighter topic: the pursuit of bluefish off Martha's Vineyard in Massachusetts. But as the book's insatiably curious Stranger talks informally with the knowledgeable Fisherman, a cascade of lore and documents, poetry and tragedy is netted along with the glistening quarry.

Early on, the Fisherman pays his respects to the food chain: "It takes 50 pounds of silversides to produce a five-pound blue. It takes 500 pounds of plankton to produce those silversides. It takes

5,000 pounds of microscopic sea plants to produce those plankton animals . . . 'All flesh is grass.'" Yet there is not an ounce of false sentiment in his speeches: "It probably doesn't make sense to talk about pain in a fish . . . an angler who had caught a perch told of finding himself unable to remove the hook without taking one of the fish's eyes out of its socket with it; he threw the fish back, baited his hook with the eye, and a few minutes later caught a one-eyed fish—the very same one."

Herring gulls may have some attraction for birders; to the Fisherman they amount to rats with wings. He rings in Ogden Nash for support: "Hark to the whimper of the sea-gull; He weeps because he's not an ea-gull./ Suppose you were, you silly sea-gull./ Could you explain it to your she-gull?"

This is the lightest of the poems by various hands, liberally scattered through the text. Elizabeth Bishop's "The Fish" recalls an oversize catch: "victory filled up/ the little rented boat . . . until everything/ was rainbow, rainbow, rainbow! And I let the fish go." John Ciardi celebrates "The Lung Fish," a survivor intact from prehistoric epochs: "If no creature is immortal, some/ are more stubborn than others." And Robert Lowell hopes that "when shallow waters peter out," he will be able to "catch Christ with a greased worm" and save his soul. The Fisherman notes, "Low-

ell was a Christian, and he was probably right to resort to the metaphor of fishing for his purpose. Christianity is an aquarium . . . in the fourth century, the cross was not the prevailing symbol for the Man-Fisher; the fish was . . . when (Jesus) rose from the dead and went up on the Mount, he took with him only three, all fishermen."

Despite the book's originality of structure and style, *Blues* owes an unacknowledged debt to Lewis Thomas, author of *The Lives of a Cell* and other works

that draw large morals from minuscule sources. A drop of seawater is viewed under a microscope, and the Fisherman becomes "aware that all sorts of crimes were being perpetrated in this dribble of liquid. The muggers were mugging; the killers were killing; the thieves were



John Hersey

stealing . . . there were two ways of looking at what was happening in that crowded sea in the bowl in the slide: You could see violence, desperate struggles to survive, the will to live, the drive to perpetuate the species. You could also see, though . . . nature's serene determination to keep

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in balance all the forms of life."

There is no question that Hersey prefers the second interpretation, and why not? A balanced water ecology provides for a biblical plenitude, with room for the silent fish and the screaming gulls, the predators and the scavengers—and even those oddest of animals, at once useless and invaluable, the celebrators who go down to the sea in books.

—By Stefan Kanfer

Lallygagging

NOBODY BETTER.
BETTER THAN NOBODY
by Ian Frazier
Farrar, Straus & Giroux
181 pages; \$14.95

Ian Frazier, 36, is an employee of *The New Yorker*, where during the past eleven years he has written occasional humor (*Dating Your Mom*, a collection, appeared last year) and factual stories, including the five pieces gathered together in *Nobody Better, Better Than Nobody*. On the surface, it would appear that Frazier does not exactly knock himself out with work. In fact, he confirms this impression, openly admitting to lallygagging on the job. In the first sentence of "An Angler at Heart," he confesses that he has often "taken a walk from the offices of *The New Yorker* along Forty-third Street—across Fifth Avenue, across Madison Avenue,

across Vanderbilt Avenue—then through Grand Central Terminal, across Lexington Avenue, up to Forty-fourth Street, into the elevator at 141 East Forty-fourth Street, up to the third floor, and through the belled door of a small fishing-tackle shop called the Angler's Roost, whose sole proprietor is a man named Jim Deren."

Having found a bucolic niche in the heart of midtown Manhattan, Frazier eases himself into a story that is partly a profile of Deren, a guru to flycasters the world over and the "greatest man I know of who will talk to just anybody off the street." The author also digresses into a three-page list of the inventory in Deren's store and reminisces about his own fishing experiences and misadventures: "The woman told me to hold still, and the dog wouldn't bite me. I held still, and the dog bit me in the right shoulder. I told the woman that the dog was biting me."

Frazier approaches his subjects like a man who does not want to move too fast and frighten them away. In the title story, he decides to find out a little something about Poncé Cruse Evans, the woman who writes the syndicated column "Hints from Heloise." This involves, for some reason, driving from Chicago to San Antonio, where Evans lives. "In Muskogee, Oklahoma," Frazier confides, "I saw a Taco Hut, a Taco Bell, and a Taco Tico." Then he has to find a suitable motel ("I wanted a locally owned one") and assess his impressions so far: "I had not been in Texas long before I

started having millions of insights about the difference between Texas and the rest of America. I was going to write these insights down, but then I thought—Nahhh."

The astonishing thing is that Frazier does come up with a detailed profile of Evans and her mother, who founded the column

and whose name really was Heloise. This in spite of much duly reported bar- and restaurant-hopping and a brush with the law after finding himself lost in a deserted shopping mall: "He told me to give him my license and sit down and shut up or he'd throw my ass in jail

for public intoxication. I told him I hadn't seen much else but public intoxication in San Antonio that night, and his handcuffs made a cricketlike sound as he took them off his belt. I gave him my license."

This episode ends happily, and so do all of Frazier's stories. The reader winds up laughing and knowing a great deal about subjects—bears in northwestern Montana, a pair of madcap Soviet émigré artists—that most people can live without. The author's loopy laziness is a pose; he works carefully and hard to make everything look like fun.

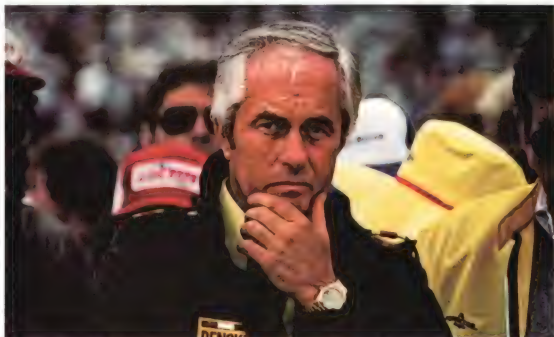
—By Paul Gray



Ian Frazier

Breakaway to flavor.





In coveralls or pinstripes, the team to beat is Penske and Rolex.

On a speedway or in a boardroom, winning is what Roger Penske does best.

In the early Sixties, he was one of the country's leading professional road-racing drivers. By the time he was 25, Penske had won so many races he was twice named driver of the year.

But his greatest victories have been won in pinstripes. Today he is president and chief ex-

ecutive officer of Penske Corporation, a billion-dollar transportation services conglomerate.

He steered it from a single auto dealership to a corporation employing 4600 people in 37 states and England.

However, the name on the executive suite still carries off the checkered flag. Penske personally manages the racing team he

founded. The one that dominates the record books for Indy-class competition today.

A man who prevails over every challenge and exceeds each demand for exacting performance, Roger Penske is unique in his universe.

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People



Pacific overtures: the people's production of *The Music Man*

There is big trouble in Peking City these days, but even the party faithful are laughing and applauding at the Tian-qiao (Heavenly Bridge) Theater. Reason: these capitalist

readers are stepping out on a new stretch of that irresistibly American thoroughfare known as the Great White Way. Since March, ten Americans, led by Director **George White** of the Eugene O'Neill Theater Center in Waterford, Conn., have been working with 100 Chinese to stage the first American musicals ever seen in the country. *The Music Man* and *The Fantasticks*. For *Music Man*, which just opened, the Chinese took special pains to re-create the show-biz pomp and color of the original 1957 production, though the cultural leap did take some effort from both sides of the footlights. Chinese Opera Star **Wang Xingna** confesses that before playing Harold Hill he disliked American musicals. "Now I find they have merits," allows Wang. "I think the audience will like them, just as they like pop songs." Fine. But how does "P and that stands for pool" sound in Mandarin?

■ The famous writer-director looked serious and nervous as he faced the Senate hearing in Washington last week. "Let us just say," began **Woody Allen**, "that a very rich man has purchased all the films ever made in Hollywood." An out-

take from *The Front*? Nope, an inset of Allen making a rare public appearance to voice his concern about the controversial practice of "colorizing" black-and-white mov-



Allen fighting off colorization in Washington

ies. Joined by fellow Directors **Milos Forman** and **Sydney Pollack**, Allen protested the computerized coloring of such classics as *It's a Wonderful Life* and *Casablanca*, calling the re-

sult "cheesy, artificial symbols of one society's greed." Allen was equally plainspoken about how he felt on becoming a father for the first time. The auteur, 51, said that his longtime girlfriend **Mia Farrow**, 42, had become pregnant "by accident" and that he has no plans to marry or move in with the actress, who already has eight children of her own. "I think I'll be profoundly wise and generous, liberal, understanding," he deadpanned. "I'd be surprised if I'd be less than perfect as a father." Or less than colorful.

■ Turn some Hollywood heartthrobs loose in a large Canadian city and what happens? Well, not much, unless you count the 4,000 women who showed up hoping to be cast as extras for a movie party scene. **Tom Selleck**, **Ted Danson** and **Steve Guttenberg** are currently in Toronto filming *Three Men and a Baby*, a remake of the 1985 French comedy *Three Men and a Cradle*. The plot involves the shenanigans that ensue when three confirmed bachelors find a six-month-old baby girl on the threshold of the penthouse they share. To get pumped for their hunk roles, Selleck and Guttenberg, who are both single in real life, spent a few evenings on the town with the long-married Danson, who enjoyed "trying to re-create what it was like to be a bachelor." Did they suc-

ceed? "Going out can be a bit of a problem," reports Selleck. "We can go to dinner, but going out to clubs is a bit harder." Says Danson: "It's all very innocent." Sure, tell it to the *Miami Herald*.

■ There goes Joanie. It was billed as the clash of the late-



Rivers: now you see her...

night titans, but just seven months after **Joan Rivers** went head to head with her old benefactor **Johnny Carson**, the star of *The Late Show* is being dimmed. The acerbic comedian last week became the latest in a long list of contenders who have tried and failed to dethrone the reigning monarch of the midnight airwaves. In response to increasingly disappointing ratings, Fox Broadcasting Co. decided that beginning this week Rivers was through as the regular host, although she may alternate with a roster of as-yet-unnamed co-hosts. As for Carson, he uttered only a terse "I had no comment when she went on the air, and I have no comment now that she's leaving." Rivers took it like a trouper. "Sometimes things just don't work out," she told her audience last Friday after learning the news. "I've been in this business 23 years; I'm going to be in this business another 23 years." Then her guests closed the show by turning over the sofa and festooning the set with toilet paper.

—By Gay D. Garcia



Robbing the cradle: Bachelor Dads Guttenberg, Selleck and Danson

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Theater



Metcalf as Rita: learning is more seductive, even to the young, than mere sex

Three for a Two-Way Exchange

Off-Broadway gems reflect a kinship with regional troupes

Off-Broadway often thinks of itself as the "regional theater" of New York City. Part of its affinity with the theatrical provinces is financial. Although there are occasional commercial ventures, the off-Broadway scene, like the regionals, tends to be dominated by nonprofit companies sustained through donations. The bond is also aesthetic. The nonprofit troupes usually measure success artistically rather than at the box office and eagerly nurture esoteric work—chamber musicals, offbeat new plays, quirky revivals.

The sense of kinship with out-of-town has not necessarily diminished New York's role as cultural arbiter. Just as Broadway hits go on tour, so off-Broadway successes dot the schedules of regional theaters a year or two later. In recent seasons, however, the cultural exchange has begun to work both ways, with regional theaters that have developed promising productions often joining forces with Manhattan institutions or producers. That is the case with two current off-Broadway delights: a lively feminist interpretation of the British social-class comedy *Educating Rita* by Chicago's Steppenwolf, the ensemble's sixth foray into Manhattan in the past five seasons; and a bewitchingly surreal satire with songs, *Three Postcards*, the second offering this season originated by California's South Coast Repertory, which, despite its setting in conservative Orange County, south of Los Angeles, specializes in avant-garde premieres.

Willy Russell's *Rita* was a risky choice for Steppenwolf and the two performers, Austin Pendleton and Laurie Metcalf, audiences were likely to have vivid memories of the 1983 film that won Oscar nominations for Michael Caine and

Julie Walters as a drunken, shambling university teacher and his bright but unschooled adult-education pupil. But the troupe has put its own stamp on the show, particularly in Metcalf's performance, which persuasively blends resurgent hope and hints of fiercely suppressed desperation. The romance that dominated the film is played down, and the title character emerges as no winsome waif but an embodiment of sheer willpower.

From the moment Metcalf stalks into Pendleton's office, she is obviously a woman of brains and determination. She brushes aside her teacher's advances. She is looking not for a more upscale successor to her loutish husband but for a fuller sense of herself. Uncluttered by flirtation, the contrast between the student's will to win and her teacher's self-destructive need to fail emerges sharply, and the play becomes a discerning essay on how much of anyone's fate is self-imposed. Like Emlyn Williams' *The Corn Is Green*, to which it owes its basic theme, this *Rita* convincingly argues that the discovery of learning is far more seductive, even to the young, than the exploration of mere sex.

Three Postcards is outwardly a work of serene, minimalist simplicity. Three women, no longer girls and not yet matrons, meet for a meal at a trendy restaurant. Some of their talk is about how much they matter to one another, but they do not communicate. Only in daydreams and memories (enacted in scenes interspersed with their meal) do they reveal much of what they are really feeling. Then a casual question makes plain that the woman who seems the most contented is in fact coping with cruel domestic tragedy and that her friends' seeming triviality amounts to a benign conspiracy of silence

to allow her a few moments of escape.

This poignant material is told obliquely and often with a fey nuttiness. The audience begins to understand that it has stepped outside the literal world when the most neurotically self-absorbed of the women confides to one of her companions that the waiter hates her, and a few moments later, he does indeed turn and say, deadpan, "I hate you." At South Coast Repertory's handsome stage, the show had a visual sleekness that it somewhat lacks in the more rudimentary facilities of the New York City producer, Playwrights Horizons. But the elegance of the storytelling survives and reflects more than two years of collaborative work put into it by Playwright Craig Lucas, Composer Craig Carnelia, Director Norman René and the hugely likable cast.

Playwrights Horizons has become probably New York's foremost showcase for new stage writing. Its second, smaller space is now home to *Driving Miss Daisy*, an intimate tale of a Southern Jewish woman (Dana Ivey) and her black chauffeur (Morgan Freeman), told in vignettes ranging from just after World War II to the era of the civil rights movement. This little gem echoes decades of social change yet never loses focus on the peculiar equilibrium between servant and served. It reaches a peak when the old woman goes to a banquet honoring Martin Luther King Jr.—an event her liberal but con-



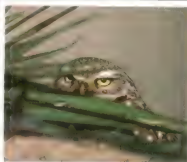
Ivey and Freeman in *Driving Miss Daisy*

formist businessman son (Ray Gill) refuses to attend—and cannot quite bring herself to invite the driver to accompany her until the moment they reach the hotel, when his dignity compels him to refuse.

In competition with Broadway fare, *Miss Daisy* last week won Drama Desk Award nominations for Playwright Alfred Uhry, Director Ron Lagomarsino and all three members of the well-nigh perfect cast. Attempts are under way to move it to a larger theater, and eventually it seems fated to follow the traditional happy path of an off-Broadway hit: toward a long and honorable life in regional theaters across America.

—By William A. Henry III

Living



The baleful glance of a tiny burrowing owl

All That Jizz

Don't look now, but birding is In

Bird watching. Noun (archaic). A form of harmless staring, conducted in woody areas, by genial eccentrics often named Matilda or Chauncey.

Birding. Noun (neologism). Dynamic, addictive and highly contagious behavior combining hunting skills, aesthetic delight, intellectual analysis and the dreamy withdrawal from normal life, especially during spring migration.

Every spring, billions of birds, increasingly restless from the secretion of seasonal hormones, mass into flocks, burst into the sky and pour up the great flyways across the U.S. and Canada. Millions of birders, just as restless but without hormonal justification, compulsively pour outdoors in search of vireos, tanagers, flycatchers, hawks and the stars of the season, brilliantly colored warblers.

In these fleeting weeks, birders head for one or more of the nation's famous migrant hot spots such as High Island, Texas, Big Morongo Wildlife Reserve in California, Point Pelee in Ontario and the



Birders at a famous hot spot, the Louis Smith Woods in High Island, Texas: camaraderie on the hunt.

Ramble in Manhattan's Central Park. Some will bird in a local park or simply settle into a backyard chair. Says Jerry Sullivan, a Chicago nature writer: "The nice thing is that you don't have to go some special place. You can do it just about anywhere."

During migration, birders tend to show up late at the office, or seem to need a day or two extra to complete out-of-town business. Even a Saturday trip to the dry cleaner's has been known to take two hours or more. In spring, Nature Writer Lola Oberman carries binoculars around her Maryland house all day, just in case a good bird appears at a window. And bumper stickers saying I BRAKE FOR BIRDS had better be taken seriously: on the highway, birders have been known to lose control when a good bird flies over. Pete Bacinski, one of New Jersey's best-known birders, totaled his Chevy Nova when he took his eyes off the road to look for his bird guide.

Once the genteel pursuit of an esoteric

minority, birding is evolving into a mass sport. A 1980 study for the U.S. Fish and Wildlife Service found that some 2 million Americans were highly committed birders, meaning that they watch regularly, use a field guide, keep a life list and are able to identify a hundred or more species of birds. About 7 million Americans are fairly interested birders (able to identify at least 40 species), and 60 million, or one American in four, are at least casual watchers. Veteran birders, such as L. Hartsell Cash, a retiree in Winston-Salem, N.C., are pleasantly surprised by the sport's new respectability. "In the '40s and '50s it was still a little embarrassing to be a bird watcher," he says. "Now there's no doubt about it—birding is In."

An estimated 600,000 guides are sold each year in the U.S., and Roger Tory Peterson's classic *Field Guide to the Birds of Eastern and Central North America*, first published in 1934, has topped 3.5 million in sales. Birders account for most of the \$14 billion spent annually on the appreciation

Looking through scopes at Bodega Head, Calif.; close-up of a wood thrush; two intent watchers scanning the trees at High Island; on a bridge in New





high-speed deduction, collecting without avarice and sloshing around in the mud

of wildlife. That includes binoculars, spotting scopes, cameras, records and tapes of bird sounds, computerized software for keeping bird lists, and bird tours that reach any corner of the world, from Siberia and Mongolia (23 days, \$3,595 from Wings, Inc.) to Madagascar, Mauritius and Réunion (25 days, \$3,775 from Field Guides Inc.). Though some birders regard their hobby as a naturalist rejection of high-tech culture, the rebuke often requires frequent jet trips. Leitz 10 x 40-B Trinovid field glasses, Bausch & Lomb or Questar spotting scope and a Sony TCM-5000 tape recorder, especially souped up for birding by Saul Mineroff of Valley Stream, N.Y.

Normally a birder starts in the backyard or a nearby wood, sees all the local birds, then graduates to more and more travel in search of new species. Next come vacations in the states with the most birds (California, Texas and Florida), followed by forays onto the big-time birding circuit: southeast Arizona for Mexican specialties, the Dry Tortugas for noddies

and boobies, Alaska for arctic and Asian species. The final step is the long trip to see a single bird: Michigan for Kirtland's warbler, Calcasieu County in Louisiana for the black francolin, a grueling five-mile trek up the Chisos Mountains in Texas for the Colima warbler.

Most birding zealots are at a loss to explain this lavish expenditure of time and energy. "It's just something I have to do," says Richard Turner, a professor of fine arts at New York University, falling into the familiar language of helplessness that marks the committed birder. The backyard and occasional fanciers should consider themselves lucky, according to Pete Dunne of the New Jersey Audubon Society. "Those people are still in control of their lives," he says. "For the rest of us, birding controls us. We're addicts."

High-level birding requires hunting skills such as tracking ability and a knowledge of habitat and weather, plus a knowledge of bird behavior, sounds, plumages and the pattern of small clues, sometimes

called jizz, that can even reveal the identity of a distant, backlit bird.

A single bird may produce more than a dozen different songs and calls, and plumage may vary widely by sex, age, region and season. Even if a species is seen for only a second, a top birder can sift through all the clues and come up with the right identification most of the time. "In part, birding is a mental challenge," says Dunne. "It attracts a disproportionate number of doctors and engineers—people whose jobs involve the same kind of deductive reasoning birders use."

Many birders get started in their preteen years. "They may get wide-eyed seeing their first 'Baltimore' oriole," says Turner, a birder since age six. "That aesthetic component gets mixed quickly with the urge to collect—the baseball-card factor—and the hunting instinct, which is probably in the genes."

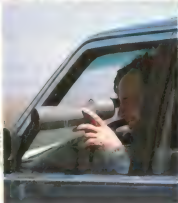
In fact, the sport is sublimation posing as innocent fun, hunting without killing, collecting without avarice. "You can collect birds without worrying about a place to store them," says Claudia Wilds of Washington, an expert on shorebirds and a rising star in the birding world. "There's an awful lot of adventure in it. It allows grownups to do things they thought they had put behind them when they grew up, like sloshing around in the mud and getting up in the middle of the night and going out looking for things."

For many, the experience becomes primarily a listing game, with lists for most birds seen in a day or lifetime, a county or a season. Peterson, 78, once kept a list of birdcalls he heard on movie sound tracks. Some feel compelled to list birds seen during a single minute, or those seen while sitting in one chair for a full day (the "Big Sit").

Though birding is a hobby, watchers are quickly drawn toward environmental issues. DDT nearly wiped out the osprey and the peregrine falcon. On April 19, the last California condor was taken from the wild. "We have to convert interest in birds into backing for conservation," says Arnold Brown of the Massachusetts Audubon Society. "It's one thing to admire a loon and another to realize that it's our oldest bird, 70 million years old, and in trouble from acid rain."

But some watchers are dedicated non-activists who enjoy birding largely for the

York City's Central Park; New Jersey Audubon's Pete Dunne; a sighting at Bolívar Flats, near Galveston, Texas



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Living

companionship it brings. A birder can travel a thousand miles into the wilds of another state and find instant rapport with local birding fanatics, who are busy collecting new species, along with mosquito bites and ticks. "Camaderie is what birding is all about," says Benton Basham, a Chattanooga, Tenn., anesthetist.

For Basham, it is also about hunting and listing. He is currently at the top of the big-time birding tree, holder of the records for most species seen in a lifetime (777) and the most species seen in a single year (711) in the American Birding Association checklist area—Canada, Alaska and the Lower 48 states. The world of listing is pre-
sided over by the approximately 8,000-member ABA and its magazine, *Birding*, which ranks birders by species seen, prints erudite articles on how to distinguish different birds in the field and sets rules for the listing game. One such rule is that birds reaching North America through human assistance cannot be counted, touching off speculation on whether the Western Reef heron that drew hundreds of birders to Nantucket, Mass., in 1983 actually came over from Africa as a stowaway on a boat. The ABA checklist committee voted to accept the bird.

The ABA also rules on Big Days, which are competitions to see as many species as possible in 24 hours. The association once removed a species from the total of a Texas team, thus costing it a tie with California for the national title. The team, while standing on the banks of the Rio Grande, had sighted groove-billed anis. The ABA decided that although the eyeballs of the Texans were indeed on U.S. soil, the birds were in Mexico, outside the official area of the game, and could not be listed. The birding world, particularly at its highest level, has a reputation for scrupulous honesty in listing.

It also has a reputation for hard-nosed competition in listing. Fifteen years ago, only about 75 people had seen 600 birds in North America. Now more than 500 have topped that figure, and 75 have seen 700. James Vardaman, a forest-management executive from Jackson, Miss., spent \$45,000 and 170 days trying to see 700 birds during 1979. Vardaman, who called himself an amateur, paid guides and tipsters, jetted off after almost every rarity and ended the year listing 699 birds. Basham broke the 700 mark in 1983, and many birders dream of pushing the total higher.

Like other addicts, birders can let their work slip. Don Roberson, a well-known California birder, dropped his law practice at the age of 29 to follow the

birds, though he has since relapsed and returned to work. Like ski bums, some talented young birders take low-level jobs as clerks or night watchmen, thus saving their major energies for the chase.

Bob Odear of High Point, N.C., traded down in life to be a full-time part of the birding world. Once the president and general manager of Wrangler jeans, Odear quit to make "one-third the money" running a birding company called Bob-O-Link and its phone service, the North American Rare Bird Alert. For \$25 a year, subscribing birders are given a code name and the right to dial into a tape, changed as often as three times a

miles from Soviet waters and about 1,500 miles from Anchorage. Attu vaguely resembles a penal colony, but it is paradise to birders pining for a flyby of the Siberian rubythroat or other Asian rarities.

"We have people who go without any hope of seeing new birds," says Larry Balch, the ABA's president and head of Attour, a service that brings about 65 birders to the island each spring for three weeks. "There's something magic and very relaxing about being at the end of the earth."

Even the most driven birders seem to harbor a few doubts about the chasing game. "It's ridiculous—it costs more money than booze and takes more

time," says Thompson Marsh, a professor at the University of Denver College of Law. Marsh, 84, who began listing birds in 1918, still hunts with the pack and is ranked fifth on the North American list. If someone wants to start a Birdwatchers Anonymous, says Marsh, he is ready to join. "I experience recurring intervals of lucidity," he says. "When a chaffinch turned up in New Brunswick, I stayed right here and I felt fine. Maybe there's hope for me yet."

Top birders often fly hundreds of miles only to find a bird that cannot be officially listed. Last winter Marsh and other top birders went to Charleston, S.C., to see a rare bird, said to be a gray-headed gull but that could be ruled a hybrid. "It's always a crapshoot," says Paul Sykes, a Georgia ornithologist. "The bird can also leave just before you get there. That's why we try to get there as quickly as we can."

"That's not my idea of bird watching, never finding anything on your own," says Colorado Birder Jack Reddall, who travels to see birds but refuses to chase. "Real birding is getting to know your own area and turning up good birds at home." California Birder Jon Dunn admits to mixed feelings about birding in the fast lane. "Competition taken to an extreme can lead to bad birding, too much pressure to tick off one more species."

Hotshots draw regular fire from purists for turning an aesthetic pursuit into a macho, competitive struggle. But even super-enthusiasts have been known to speak of birds with awe and wonder. Explanations for the appeal of birding proliferate, says Joseph Kastner, author of *A World of Watchers*, because it is hard to explain what the beauty and freedom of birds can do to the human psyche. At the heart of birding, he writes, is the "astounded awareness that comes in some unguarded moment when the watcher is left oddly vulnerable to feelings that only nature can provoke."

—By John Leo



Top: yellow-billed magpie, Ross's gull; bottom: red-tailed tropic bird, Canada warbler. The gull and the tropic bird are rare in the U.S.

day, listing the whereabouts of all known rarities in North America.

The phone service has cranked birding competition up a notch. Sandy Komito, 55, owner of a construction company in Haledon, N.J., blames Odear for turning him into a chaser. "Before Bob started the service in January of 1985, I was relatively passive," he says. Komito says he hunts rarities by tacking on a day or two of birding to a legitimate business trip. But when the ruddy ground dove was reported in Texas last November, he was there the next day, with no business trip as an excuse. He expects to fly 300,000 miles on birding trips this year and does not want to tot up the costs. "It would scare me if I found out," he says.

Birders have a rough rule of thumb for distinguishing between normal and obsessed watchers: the obsessives dream of going to Attu, a bleak Aleutian island 100

Milestones

The All-American Love Goddess

Rita Hayworth: 1918-1987

She had a perfect figure and a smile that could light up the Statue of Liberty. But the feature that most people will probably remember is her hair, whipping seductively around her in *Gilda*, cascading over her shoulders on the cover of LIFE and in thousands of World War II pinup posters. If Jean Harlow was Hollywood's love goddess in the '30s and Marilyn Monroe in the '50s, the '40s ideal was Rita Hayworth, who died at 68 last week in Manhattan of complications from Alzheimer's disease.

She never had to claw her way into show business. As Margarita Cansino, a member of a famous family of Spanish dancers, she was dancing 20 shows a week professionally when she was in her early teens. Her father made his daughter his partner, and dyed her brown hair black in an attempt to make her look more Latin. Precociously alluring as well as arrestingly attractive, Rita soon found a place in such B-grade movies as *Under the Pampas Moon* (1935). At 18 she married Edward Judson, a sometime auto salesman who at once saw what was wrong: her real appeal was not Latin but all-American. After lightening her hair, he introduced her to Harry Cohn, the shrewd, tyrannical head of Columbia Pictures, who substituted her Irish mother's surname, with a slight variation, and inserted young Hayworth into her first important picture, Howard



The prettiest pinup in World War II: the star in 1941

Hawks' *Only Angels Have Wings* (1939).

Offstage, Hayworth was—and was to remain—shy, unassuming and almost passive. But something magical happened when the cameras began to roll; her vitality warmed the set. "I don't really think she knew how intensely sexy she seemed

to others," said Hawks. Hayworth was sweet and lovable in *Cover Girl* (1944), but she was also the timeless temptress in *Gilda* (1946), doing a wild rendition of *Put the Blame on Mame* for Glenn Ford, as well as Fred Astaire's exquisitely gracious partner in *You Were Never Lovelier* (1942).

Hollywood has decreed that love goddesses never find lasting love, and Rita's marriages unreeling like so many bad movies. After her 1943 divorce from Judson came Orson Welles, but "Orsie," with whom she had a daughter Rebecca, was devoted mostly to Orsie. "I'm tired of being a 25% wife," she later said. In 1949, with the whole world looking on, she wed the playboy Aly Khan, with whom she had her second daughter Yasmin. The match lasted only two years, but she remembered him fondly: "The world was magical when you were with him." There were two more marriages (to Crooner Dick Haymes and Producer James Hill), neither happy. "They fell in love with Gilda and woke up with me," was her rueful commentary on her men.

In the '50s her career began to fade. Though she had proved herself a capable actress, she was given few parts. She began to look tired, and a line from *Fire Down Below* (1957)—"Armies have marched over me"—seemed sadly appropriate. By the early '80s, Alzheimer's disease was diagnosed, and Yasmin, who has been active in raising funds for Alzheimer's research, was appointed her conservator. Hayworth was perhaps the best judge of her life. "I haven't had everything from life," she once remarked. "I've had too much."

—By Gerald Clarke

ENGAGED. Janet Guthrie, 49, the only woman to drive a racing car in the Indianapolis 500, in 1977-79 (her best finish: ninth in 1978), now a highway-safety consultant; and Warren Levine, 53, an American Airlines captain; in Aspen, Colo.

MARRIED. Tom Cruise, 24, cocky, boyish screen actor (*Risky Business*, *Top Gun*, *The Color of Money*); and Mimi Rogers, 32, earnest TV performer (*Paper Dolls*) and movie actress (*Gung Ho*, *Street Smart*); he for the first time, she for the second; in New York State.

MARRIED. David Crosby, 45, walrus-mustached member of the Crosby, Stills and Nash rock trio, and Jan Dancie, 35; both for the first time; in Los Angeles. Re-affirming their wedding vows at the ceremony were Bandmate Graham Nash, 45, and his wife of ten years, Susan.

HOSPITALIZED. John Krol, 76, staunchly conservative Roman Catholic Archbishop

of Philadelphia and Polish-American Cardinal who is one of the handful of Americans closest to Pope John Paul II; for treatment of diverticulosis; in Philadelphia.

DIED. James Jesus Angleton, 69, relentless, enigmatic director of counterintelligence at the Central Intelligence Agency from 1954 to 1974; of lung cancer; in Washington. Angleton was an early member of the Office of Strategic Services, the World War II precursor to the CIA. His trust-nobody style while working in what he called espionage's "wilderness of mirrors," and his pursuit of Soviet agents in the U.S. and moles within the CIA, won him respect from insiders but little public notice. He has been credited with helping to expose Kim Philby, the British journalist who worked for the Soviet Union, and with acquiring the text of Nikita Khrushchev's condemnation of Joseph Stalin in 1956. In 1974, following disclosures that Angleton

had directed clandestine mail-opening and surveillance schemes, then CIA Director William E. Colby demanded his resignation.

DIED. Richard Ellmann, 69, scholarly author of *James Joyce*, the definitive biography of the Irish novelist, and the first American to become a professor of English literature at Oxford University; of pneumonia brought on by a motor-neuron ailment commonly known as Lou Gehrig's disease; in Oxford, England.

DIED. Chin Ho, 83, pioneering Hawaiian financial tycoon; of a heart attack; in Honolulu. Starting in high school as a pencil and thermometer salesman, Ho built a real estate empire that stretched from California to Hong Kong. Ho, the first man of Asian ancestry to be named president of the Honolulu stock exchange, was also the putative model for Hong Kong Kee, the wily businessman who outsmarts the white hierarchy in James Michener's *Hawaii*.

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**Manufacturer's suggested retail price. Actual dealer price may vary. Price excludes taxes, license, transportation, optional or regionally required equipment.
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